

## **LIEN HOE CORPORATION BERHAD (Company No. 8507-X)**

### **BOARD CHARTER**

The Board of Directors (“the Board”) of Lien Hoe Corporation Berhad (“the Company”) is accountable and responsible for the performance and affairs of the Company, including practising of good corporate governance. All Board members are expected to show good stewardship and act in a professional manner.

This Board Charter sets out the composition, 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.

This Board Charter is subject to the provisions of the Companies Act 2016, the Constitution of the Company (“Constitution”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), the Malaysian Code on Corporate Governance (“MCCG”) and any other applicable law or regulatory requirements.

## **1. THE BOARD**

### **1.1 Composition**

The Board consists of qualified individuals with appropriate mix of industry-specific knowledge and technical skills, experience and competencies which are necessary for the leadership and management of the Company and the Group. The composition of the Board is such that it provides check and balance in the functioning of the Board.

The number of Directors shall not be less than 2 or more than 15. Any Director appointed by the Board to fill a casual vacancy, or as an addition to the Board shall hold office only until the next annual general meeting following the appointment and shall then be eligible for re-election. An election of Directors shall take place every year. At least one third of the Directors are required to retire from office by rotation annually and shall be eligible for re-election, provided always that each Director shall retire once at least in each 3 years but shall be eligible for re-election.

All Board members shall notify the Chairman of the Board before accepting any new directorship in other companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

At any one time, at least 2 or 1/3 of the members of the Board, whichever is higher, are Independent Directors.

The tenure of an Independent Director shall not exceed a cumulative term of 9 years. After a cumulative term of 9 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 9 years, it should provide justification and seek annual shareholders’ approval.

The composition and size of the Board will be reviewed from time to time to ensure its appropriateness.

## **1.2 Independent Directors**

The Independent Directors will review and provide independent assessments and opinions on Management proposals and will review and discuss the strategies proposed by Management to ensure that the long term interests of minority shareholders are taken into consideration.

The Board shall appoint a Senior Independent Director who will act as a sounding board for the Chairman; an intermediary for other Directors when necessary; and the point of contact for shareholders and other stakeholders.

## **1.3 Board Responsibilities**

The Board is overall and collectively responsible for the strategic direction and business performance of the Group and is responsible in promoting long term shareholder value, ensuring overall corporate governance, establishing goals for management, and monitoring the achievement of these goals and assume, amongst others, the following responsibilities:-

- i. Together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behavior;
- ii. Review, challenge and decide on Management's proposals for the Company, and monitor its implementation by Management;
- iii. Review, monitor the implementation of the strategic business plans by the Management and ensure that the strategic business plan of the Company supports long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- iv. Align and approve the corporate objectives and policies of the Group;
- v. Appoint and approve the terms of reference of the Board Committees;
- vi. Supervise and assess management performance to determine whether the business is being properly managed;
- vii. Review and ensure that there is a sound framework for internal controls and risk management;
- viii. Understand the principal risks of the Group and recognise that business decisions involve the taking of appropriate risks;
- ix. Establishing an ongoing process for identifying, analysing, evaluating, managing and monitoring significant financial and non-financial risks faced by the Group;
- x. Review and assess the Group's financial and operational performances of all operating units and subsidiaries through periodic feedback and reports from the Audit Committee and the management team;
- xi. Review and approve the announcement of quarterly and annual financial statements to ensure that the financial statements are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view;

- xii. Approve annual operating budget, major capital expenditures, material requisitions and disposal of assets;
- xiii. Review the recommendation of nomination or re-appointment of external auditors as well as determine the audit fees, taking into consideration advice from the Audit Committee;
- xiv. Ensure succession planning is in place as part of business continuity and took cognisance that there is a process of developing suitable programs in place to ensure that operations at all levels are running smoothly; and
- xv. Any other duties as may be appropriate.

The Board meets regularly to review the Group's corporate strategy, business operations, financial results and also to decide on matters significant to the Group's business and finances including approval of annual operating budget, major capital expenditures, material acquisitions and disposals of assets.

#### **1.4 Responsibilities of the Chairman, Managing Director and Executive Directors**

##### Chairman

The Board ensures that the Chairman is a non-executive member of the Board. The role of the Chairman and the Managing Director are distinct and separate to ensure there is balance of power and authority.

The Chairman is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. The key responsibilities of the Chairman , amongst others, are as set out below:-

- i. Provide leadership for the Board so that the Board can perform its responsibilities effectively;
- ii. Set the Board agenda and ensure that members of the Board receive complete and accurate information in a timely manner;
- iii. Lead the Board meetings and discussions;
- iv. Encourage active participation and allow dissenting views to be freely expressed;
- v. Manage the interface between the Board and Management;
- vi. Ensure appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- vii. lead the Board in establishing and monitoring good corporate governance practices in the Company.

### Managing Director

The Managing Director, with the assistance of management team, has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions and assume, amongst others, the following responsibilities:-

- i. Assist the Board in overseeing the day-to-day operations of the Group, supervise Management and control of the overall Management competencies;
- ii. Ensure the implementation of all approved policies and procedures and formulating plans to achieve the Group's corporate objectives;
- iii. Select and appoint suitable candidates to the management team who will translate the Group's corporate objectives and policies into detailed business plans and implementation of those plans;
- iv. Ensure the implementation and effectiveness of internal controls to monitor and safeguard the Group's financial and other resources; and
- v. Maintain a high level of employee effectiveness, ethics and morale.

### Executive Directors

The Executive Directors have the responsibilities of making and implementing the Board's policies and decisions, and supporting the Managing Director in day-to-day management of business and operations of the Group.

### **1.5 Board Committees**

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to its Committees, namely Audit Committee, Nomination Committee and Remuneration Committee to assist in the execution of its responsibilities.

The Board shall establish a Risk Management Committee to oversee the Company and the Group risks management framework and policies.

The Board Committees are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. The Chairman of the respective Board Committees will report to the Board on key issues deliberated by the Board Committees at their respective meetings and where appropriate, to make necessary recommendations to the Board.

## **1.6 Board Meetings**

The Board shall conduct at least 4 meetings annually, with additional meetings to be convened as and when necessary. The Board will be supplied with complete and timely information to enable it to discharge its duties and responsibilities effectively. Unless otherwise waived by the Board, all notices of meetings together with the agenda shall be issued not less than 7 days before the meetings and the meeting materials are distributed to the Directors at least 5 days prior to the meeting date to ensure the Directors have sufficient time to review the agenda and meeting materials before deliberations.

The quorum for a Board meeting shall be a minimum of 2 Directors, majority of which are Independent Directors.

Minutes of meetings shall accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.

## **1.7 Directors' Training**

In addition to the mandatory accreditation programme, the Directors will continue to undergo other relevant training programmes and seminars to keep abreast with developments in the capital markets, relevant changes in rules and regulations and the business environment from time to time.

## **1.8 Performance Evaluation**

The Board undertakes a formal and objective annual evaluation to determine the effectiveness of the Board, the Board Committees and individual Directors.

## **2. COMPANY SECRETARIES**

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

The role and responsibilities of a Company Secretaries shall include the following:-

- i. Ensure that Board Board and Board Committee meetings procedures are followed and proceedings and deliberations at the Board and Board Committees meetings are properly recorded;
- ii. Advise the Board on its roles and responsibilities;
- iii. Facilitate the orientation of new Directors and assist in Directors' training and development;
- iv. Advise the Board on corporate disclosures and compliance with Company and securities regulations and listing requirements;
- v. Manage processes pertaining to the annual shareholders' meeting;

- vi. Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
- vii. Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

The Company Secretaries must keep abreast of, and inform the Board of current governance practices, and should undertake continuous professional development.

### **3. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION**

The Board shall place great importance on the need for shareholders to be informed of all material business matters affecting the Company. Announcements and release of quarterly financial results which are made electronically to the public via Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) as well as the Company's website at [www.lienhoe.com.my](http://www.lienhoe.com.my) provide the shareholders and the investing public with the necessary information about the Group's performance and operations.

The annual general meeting is the principal forum for dialogue with individual shareholders and investors. At the Company's annual general meeting, shareholders are encouraged to ask questions and express their views about the Company's business and financial issues and other matter affecting shareholders' interests.

All Directors and Chairman of Board Committees are to attend the general meetings of the Company to provide meaningful response to the questions and/or concerns raised by shareholders.

### **4. ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

The Board may seek advice from the management on issues under their purview and may interact directly with the management, or request further explanation, information or updates on any aspect of the Company's operations or business concern from them.

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

### **5. CODE OF ETHICS AND CONDUCT**

The Board establishes and maintain the Code of Ethics and Conduct ("the Code") and together with Management implements its policies and procedures. The Code contains provisions which encourage any employee who knows of, or suspects a violation of the Code to report their concerns to the Directors and that they will not be discriminated against or suffer any act of retaliation for reporting in good faith on violation or suspected violation of the Code.

The Code is to be observed by all Directors, Management and employees of the Group.

## **6. WHISTLE-BLOWING POLICY**

The Board establishes, reviews and together with Management implement appropriate policies and procedures on whistle-blowing.

The Whistle-blowing Policy sets out avenue where legitimate concerns can be objectively investigated and addressed.

## **7. GENDER DIVERSITY**

The Board established policies and procedures in its recruitment exercise to ensure that suitable women candidates are identified for Board and Senior Management positions.

## **8. REMUNERATION POLICY**

The Board established policies and procedures to determine the remuneration of Directors and Senior Management, which takes into account the demands, complexities and performance of the Company, skills and experience required as well as market trends, to attract and retain the Directors and Senior Management to drive for the Company's long term objectives.

## **9. REVIEW OF THE BOARD CHARTER**

The Board Charter was formalised by the Board on 22 November 2012. Any subsequent amendment to the Board Charter can only be approved by the Board. The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The revised Board Charter is approved and adopted by the Board on 21 February 2018.

The Board Charter is made available for reference in the Company's website at [www.lienhoe.com.my](http://www.lienhoe.com.my)