

CORPORATE GOVERNANCE REPORT

STOCK CODE : 3573
COMPANY NAME : Lien Hoe Corporation Berhad
FINANCIAL YEAR : December 31, 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") of Lien Hoe Corporation Berhad recognises the importance of good corporate governance in ensuring that the interest of the Company, shareholders and other stakeholders are protected.</p> <p>The Board is committed to an established framework for governance and controls that are consistent with high standards of corporate governance. 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.</p> <p>(a) Promoting good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour</p> <p>The Board, together with the Management, is committed to promoting good corporate governance ("CG") culture within the organisation which reinforces ethical, prudent and professional behaviour.</p> <p>The Board has developed and adopted a formal Board Charter to provide clear guidance on the roles, responsibilities, processes and operations of the Board. The document is provided as compulsory reading material for the induction of new Board members and senior management. The Board Charter is further supplemented by Terms of Reference of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee which specify the composition, rights, key functions, roles and responsibilities of respective committees.</p> <p>Besides, the Company has established a Code of Ethics and Conduct ("Internal Code") and Whistle-Blowing Policy. The Internal Code, Whistle-Blowing Policy and Board Charter are available for reference in the Company's website.</p>

- (b) Reviewing and deciding on management’s proposals for the Company, and monitoring its implementation by management

The Board meets regularly to review the Group’s corporate strategies, business operations, financial results and also to decide on matters significant to the Group’s businesses and finances including approval of annual operating budget, major capital expenditures, material acquisition and disposal of assets. The Independent Non-Executive Directors will review and provide independent assessment and opinions on management proposals.

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 Group’s operations or business concern from them. The Board will invite management to attend Board or Board Committees meetings to report, update and provide an insight on areas of business within their responsibility to the Board except certain key responsibilities are not delegated by the Board, and are reserved solely for the Board’s decision.

- (c) Ensuring that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability

In ensuring that the strategic plan of the Company supports long-term value creation, the Board had in financial year 2018 reviewed the outcome of the Management’s assessment and validated the material sustainability factors, namely economic, environmental and social as well as governance matters that are considered as highly important to company business and stakeholders.

The material factors are taken into consideration through the implementation of sustainability practices which the Board believes, would translate into better corporate performance. Details of the Group’s sustainability efforts are set out in its Sustainability Statement which is on pages 32-44 of the Company’s Annual Report for the year ended 31 December 2018.

- (d) Supervising and assessing management performance to determine whether the business is being properly managed

A total of five (5) Board meetings were conducted during the financial year ended 31 December 2018. The Board reviews and discuss annual operating budget, major capital expenditures and strategic business plan before any approval is granted. The Managing Director, Executive Directors, Chief Executive Officer and management are accountable to the Board, and are expected to fulfil their responsibilities through the provision of reports, briefings and presentations on a regular basis throughout the year.

Key Performance Indicators (KPIs) for the Executive Directors and

Senior Management team are put in place to ensure Management's performance is aligned with the Group's business targets for the year, and also for future medium and long-term basis. Remuneration Committee will recommend any changes to the Board for approval upon annual assessment.

- (e) Ensuring there is a sound framework for internal controls and risk management

The Board affirms its overall responsibility for maintaining the Group's system of internal control, risk management and reviewing the adequacy and integrity of these systems. In view of the limitations that are inherent in any system of internal control, the system is designed to manage, rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The details of the Group's internal controls and risk management are set out in its Statement on Risk Management and Internal Control, which is on pages 48-51 of the Company's Annual Report.

- (f) Understanding the principal risks of the Group's business and recognising that business decisions involve the taking of appropriate risks

The risk management framework of the Group is overseen by the Risk Management Working Groups which ensure that an annual risk management process is carried out to identify, evaluate and manage significant risks of the business. A separate Risk Management Working Group has been established for the hotel and construction divisions of the Group respectively. Each Working Group consists of key members of the management team and various departments within the division.

Findings from the process is compiled and tabled to the Board for review and evaluation. Items highlighted to the Board are disclosed in terms of severity, probability of risk occurring, effect of the risk should it occur, and actions currently being taken to mitigate or minimise the risk to acceptable level.

- (g) Ensuring that there is an appropriate risk management framework in place, for management to identify, manage and monitor significant risks

The Board confirms that there is an ongoing process of identifying, evaluating, managing and responding to risks to achieve the objectives of the Group for the financial year under review. As part of the risk management process, a detailed Registry of Risks and Risk Management Handbook were adopted. The respective Risk Management Working Group of the hotel division and construction division are entrusted to identify risk and to ensure that adequate control systems are implemented to mitigate significant risks faced by the Group.

Details of the Group's Risk Management Framework are set out in its Statement on Risk Management and Internal Control of the Company's Annual Report.

- (h) Ensuring that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management

The Board through the Nomination Committee ("NC") is responsible to ensure that there is an effective and orderly succession planning in company. The NC has in place a formal evaluation process to assess the effectiveness of the Board as a whole, the Board Committees and the performance of each individual Director on an annual basis.

The criteria used for the annual assessment of the Board and Board Committees includes composition and structure, principal responsibilities, processes, adequacy of information, succession planning and governance. For individual Directors, criteria include an assessment on their roles and duties, contributions to interaction, knowledge, integrity and independence.

The terms of reference of the NC is also available for reference in the Company's website.

- (i) Ensuring that the Group has in place procedures to enable effective communication with stakeholders

The Board is cognisant that effective and timely communication is essential in maintaining good relationship with stakeholder and cultivate trust and understanding between the Group and stakeholders. Other than investor relations function, engagement forums and briefings, the Group leverage on information technology to create ease of access and convenience in all communications for stakeholder.

Where corporate exercises are proposed for shareholders' approval, key documents including the Company's constitution, recent audited financial statements, adviser reports, material contracts and cause papers in respect of material litigation, where applicable, are made available for inspection.

In addition, the address and phone number of the Group is clearly disclosed in the annual report, so that concerned shareholders may easily contact the office of the Company.

- (j) Ensuring the integrity of the Company's financial and non-financial reporting

The Audit and Risk Management Committee ("ARMC") assists the Board by reviewing the disclosure information to ensure accuracy and adequacy and to ensure the financial statements comply with applicable accounting standards as this is integral to the reliability of the financial statements. A full statement of Board acknowledging its responsibility in the preparation of the Group

	financial statements is provided in page 53 of the Company's Annual Report. Activities carried out by the ARMC are set out in the ARMC Report.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The role of Board Chairman is held by Mr Yeoh Chong Keat.</p> <p>The Chairman leads the Board. He leads board meetings, encouraging and facilitating the discussion and integration of views from all members.</p> <p>The Chairman is also responsible to ensure that communication channels between the Board and stakeholders remain open, so that feedback from the internal and external environment (including performance reports from management) can be incorporated for Board consideration and discussion.</p> <p>The Chairman, as leader of the Board, should spearhead the establishment and implementation of ethical, prudent and professional behaviour within the Group, in line with good corporate governance practices.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The role of the Chairman and the Managing Director are distinct and separate to ensure there is balance of power and authority. The roles of Board Chairman and Managing Director are held by Mr Yeoh Chong Keat and Dato' Yap Sing Hock respectively.</p> <p>The role of the Chairman is highlighted in Practice 1.2 above. The role of the Managing Director is focused on the day-to-day management of the business and implementation of the Board's policies and decisions.</p> <p>The Managing Director, assisted by the Chief Executive Officer and management team, is responsible to:</p> <ul style="list-style-type: none"> (a) Assist the Board in overseeing the day-to-day operations of the Group; (b) Ensure the implementation of all approved policies and procedures and formulating plans to achieve the Group's corporate objectives; (c) 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; (d) Ensure the implementation and effectiveness of internal controls, to monitor and safeguard the Group's financial and other resources; and (e) Maintain a high level of employee effectiveness, ethics and morale. <p>The Managing Director, Executive Directors, Chief Executive Officer and management are accountable to the Board, and are expected to fulfil their responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year. Separation of the positions of the Chairman and the Managing Director is defined in the Board Charter.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a qualified and competent Company Secretaries who advise the Board on its roles and responsibilities; facilitating the orientation of new Directors and Board communications; assisting in Directors' training and development; monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations as well as serving as a focal point for stakeholders' communication and engagement on corporate governance issues.</p> <p>Matters pertaining to statutory and regulatory compliance that affect the Group such as advising the Board on corporate disclosures and compliance with company and securities regulations and Main Market Listing Requirement ("Main LR") will be advised by the Company Secretaries.</p> <p>The Company Secretary(ies) also manages and attends all Board and Board Committees meetings, as well as annual general meetings ("AGMs"), and ensures that meetings are convened according to necessary procedures, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	Board agenda together with discussion papers are compiled and distributed to all the Directors at least 5 days prior to the Board meeting date to ensure that the Directors have sufficient time to review the agenda before deliberations. All Board members are responsible to ensure the minutes of meetings accurately reflects the deliberations and decisions of the Board. Upon conclusion of the meeting, the minutes are circulated in a timely manner for review.	
Explanation for departure	:		
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application :	Applied
Explanation on application of the practice :	<p>The Board has developed and adopted a formal Board Charter to provide clear guidance on the roles, responsibilities, processes and operations of the Board. The document is provided as compulsory reading material for the induction of new Board members and senior management. The Board Charter is further supplemented by the Terms of Reference of the ARMC, NC and Remuneration Committee ("RC") which specify the composition, rights, key functions, roles and responsibilities of the respective committees.</p> <p>The Board Charter was formalised by the Board on 22 November 2012 and was last revised on 21 February 2018. It defines the composition, the responsibilities of the Chairman and Managing Director, ensures that the Board may establish committees to assist in carrying out its duties and responsibilities, the procedure for convening Board meetings, investor relations and shareholders communication, access to information and independent advice and ensures that the Malaysian Code on Corporate Governance 2017 ("the Code") is observed by all Directors and employees of the Group. The Board Charter is available for reference in the Company's website at www.lienhoe.com.my.</p> <p>The Board Charter and the Terms of Reference of its committees are reviewed regularly to ensure they remain consistent with the Board's objectives, current law and best practices.</p> <p>Certain key responsibilities are not delegated by the Board, and are reserved solely for the Board's decision:-</p> <p>(a) appointment of directors, Managing Director and other members of senior management;</p> <p>(b) formulating and reviewing the Group's strategic plans, operating budgets, significant investments and capital expenditures in support of long-term value creation and sustainability;</p> <p>(c) designing corporate policies with inherent risk management and internal control systems to ensure continuous risk evaluation process;</p>

	<p>(d) appraising the internal and external environment of the Group to determine acceptable risk levels and ensuring that management team stays within the acceptable risk appetite in the Group's day-to-day operations; and</p> <p>(e) reviewing and approving the Company's announcements to the public, including publishing of annual reports and financial results.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has established a Code of Ethics and Conduct ("Internal Code") that is applicable to all its Directors and employees.</p> <p>The Internal Code was formalised by the Board on 22 November 2012 and was last reviewed on 21 February 2018.</p> <p>It sets out the principles and standards of business ethics and conduct of the Group and is applicable to all Directors and employees of the Group. The Internal Code contains provisions which encourage any employee who knows of or suspects a violation of the Internal 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 Internal Code.</p> <p>Violation of the Internal Code can result in disciplinary action, which may include termination of employment. The Internal Code is available for reference in the Company's website at www.lienhoe.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>A Whistle-Blowing Policy has been established by the Board on 21 February 2018. The policy was established to provide an avenue for the employees of the Group and members of the public to raise genuine concerns of any wrongdoing or improper conduct involving the Group and its directors or employees, without fear of retaliation and to offer protection for the reporter who reports such allegations. The channel of reporting is through the Company's website at www.lienhoe.com.my. The report will be directly emailed to the Chairman of ARMC and copied to the Managing Director of the Company.</p> <p>The Whistle-Blowing Policy is available for reference at www.lienhoe.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board presently consists of 6 members; comprising 3 Executive Directors and 3 Independent Non-executive Directors.</p> <p>There is balance in the Board represented by the presence of 3 Independent Non-executive Directors who will review and discuss the strategies proposed by the management to ensure that the long-term interests of minority shareholders are taken into consideration.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	: Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	<p>The Board undertakes an annual assessment of the independence of its independent directors based on the criteria developed by the NC.</p> <p>The tenure of an independent director is capped at 9 years, which can either be consecutive service or a cumulative service of 9 years with intervals. An independent director who has served the Company for 9 years may, in the interest of the Company, continue to serve the Company but in the capacity of a non-independent director.</p> <p>The Board must justify and seek shareholders' approval in the event it retains an independent director, a person who has served in that capacity for more than 9 years. The Directors who have served the Board as Independent Non-executive Directors for more than 12 years and 9 years are Mr. Yeoh Chong Keat and Dr. Teoh Kim Loon respectively.</p> <p>Their retention as Independent Non-executive Directors will be subject to shareholders' approval at the forthcoming AGM.</p> <p>The Board has conducted assessment of the independence of Mr. Yeoh Chong Keat and Dr. Teoh Kim Loon based on the following consideration:-</p> <ul style="list-style-type: none">(i) They have confirmed and declared that they are independent directors as defined under Paragraph 1.01 of the Main LR of Bursa Malaysia Securities Berhad;(ii) They do not have any conflict of interest with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies; and(iii) The Board is of the opinion that they are important independent directors of the Board in view of their many years on the Board with incumbent knowledge of the Company and the Group's activities and corporate history and have provided invaluable contributions to the Board in their roles as independent directors

	<p>during their tenure,</p> <p>and has accordingly recommended to the shareholders for their approval that they should be retained as Independent Non-executive Directors of the Company.</p> <p>The Board recommends a single tier voting for the proposed resolution on retention of Independent Non-executive Director who has served the Board for more than 12 years, in view of the two-tier voting process is yet operationalised by the Company.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application :	Not Adopted
Explanation on adoption of the practice :	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>One of the key responsibilities of the Board is appointment of directors, Managing Director and other members of senior management.</p> <p>The appointment of a new Board member is subject to deliberation and approval from the entire Board, with input from the NC. The NC has in place a formal process of Board nomination and election which as set out below:-</p> <ul style="list-style-type: none"> (i) reviews annual Board assessment and evaluation; (ii) determine required mix of skills and experience of the current Board; (iii) source for candidate(s), if necessary; (iv) evaluate and match the criteria of the candidate(s); and (v) recommends the candidate(s) to the Board for appointment. <p>The Board recognises that diversity in Board composition is beneficial for effective discussion and weighing of management issues. The Board and NC strives, in the appointment and re-appointment of Board members, to maintain an optimal balance in terms of members' background, knowledge and expertise, as well as in terms of demographic indicators such as age, gender and ethnicity.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that diversity in Board composition is beneficial for effective discussion and weighing of management issues. The Board and NC strives, in the appointment and re-appointment of Board members, to maintain an optimal balance in terms of members' background, knowledge and expertise, as well as in terms of demographic indicators such as age, gender and ethnicity. Currently, there is one (1) female member sitting on the Board, standing at 16.67% of overall Board composition.</p> <p>Selection of female candidates will be, in part, dependent on the pool of women candidates with the necessary skills, knowledge and experience. The ultimate decision to appoint female candidates will be based on merit and contribution that the chosen candidates will bring to the Board. Where suitable candidates are found in future, the Board may seek to increase representation from female members.</p> <p>The Gender Diversity Policy of the Company is published on its website, www.lienhoe.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	There was no vacancy available in the financial year 2018. In the event that vacancies become available on the Board in future, it will broaden its recruitment efforts for new directors to include a wider range of sources, such as the Malaysian Alliance of Corporate Directors, independent recruitment agencies and job advertisements open to the public.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by Mr. Yeoh Chong Keat, a Senior Independent Non-executive Director of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	: Applied
Explanation on application of the practice	<p>The NC has in place a formal evaluation process to assess the effectiveness of the Board as a whole, the Board Committees and the performance of each individual director on an annual basis.</p> <p>During the financial year ended (“FYE”) 31 December 2018, the NC:-</p> <ul style="list-style-type: none"> • reviewed the draft Gender Diversity Policy and proposed amendments to the terms of reference of NC and recommended them to the Board for its approval; • reviewed the Board’s structure, size and composition, assessed and evaluated the effectiveness of each individual Director and the Board as a whole through Directors’ self- evaluation forms and attendance records, assessed the effectiveness of the ARMC and reviewed the term of office of the ARMC through ARMC evaluation forms, assessed and evaluated the effectiveness of the NC and RC through the Nomination and Remuneration Committees evaluation forms, reviewed the Board’s gender diversity, reviewed the re-election of Directors at forthcoming AGM through respectively Director’s self-evaluation form and attendance records, reviewed the independence of Independent Directors through Independent Directors’ self-declaration of independence forms, noted the Board’s succession plans and trainings attended by the Directors; • recommended the NC Report to the Board for approval; and • reviewed the proposed appointment of Chief Executive Officer and recommended to the Board for its approval. <p>With regards to the assessment during the FYE 31 December 2018, the Board was satisfied upon completing its assessments that the Board had discharged its duties and responsibilities effectively. The Board also concluded that the Board composition in terms of size, mix of skills and balance between Executive, Non-executive and Independent Directors were satisfactory.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's remuneration policy inter alia strives to maintain a strong linkage between performance and reward, at the same time to offer remuneration packages attractive enough to recruit and retain talent. The remuneration policy is available on the Company's website at www.lienhoe.com.my.</p> <p>The remuneration of the Directors is formal and transparent and is disclosed individually and between executive and non-executive directors. While the RC reviews and recommends to the Board the remuneration of the Executive Directors of the Company, the remuneration packages of Non-executive Directors are a matter for the Board as a whole. Individual Directors abstain from deliberation and decision-making on their own remuneration package. Individual Directors who are shareholders abstain from voting at general meetings to approve their own fees.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The RC consists exclusively of non-executive directors, drawing from outside advice as necessary. The Directors do not participate in the decisions on their own remuneration. The Terms of Reference of the RC is also available on the Company's website at www.lienhoe.com.my.</p> <p>The RC assumes the following responsibilities:-</p> <p>(i) to review and recommend to the Board the remuneration of the Directors of the Company as guided by the Remuneration Policy; and</p> <p>(ii) to carry out such other functions or assignments as may be delegated by the Board from time to time in the area of directors and/or senior executive remuneration.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The detailed disclosure on named basis for the remuneration of individual directors is in the Company's Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	The Company had disclosed the top five senior management's remunerations in bands of RM50,000 on named basis in the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the ARMC is Dato' Tea Choo Keng and the Chairman of the Board is Mr. Yeoh Chong Keat, both Independent Non-executive Directors of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board notes the requirement in Practice 8.2 and the same had been incorporated in the Term of Reference of ARMC. As for now, none of the members of the Board were former key audit partners within the cooling off period of two (2) years. Hence, there is no such person being appointed as member of the ARMC.</p> <p>The Terms of Reference of the ARMC is available for reference in the Company's website at www.lienhoe.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the appointment of the Company's external auditors, as well as to determine its audit fees, taking advice from the ARMC. The ARMC is entrusted to review and assess the suitability of the external auditors, before recommending to the Board for their re-appointment.</p> <p>The effectiveness, performance and independence of the external auditors is reviewed annually by the ARMC. The lead audit partner is required to rotate after a maximum of five (5) years.</p> <p>The ARMC has reviewed audit planning memorandum for the financial year 2018. The audit planning memorandum outlined among others, the audit approach, areas of audit emphasis, financial reporting standards adopted and proposed fees for the statutory audit and proposed fee for the review of the Statement on Risk Management and Internal Control. At the same meeting the ARMC also noted the declaration of independence by the External Auditors.</p> <p>The Company has in place an External Auditors Assessment Policy setting out the guidelines and procedures for the ARMC to review, access and monitor the performance and suitability of the external auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The ARMC consists exclusively of Independent Non-executive Directors, and is made up of the following members:-</p> <ol style="list-style-type: none">1) Dato' Tea Choo Keng <i>Chairman, Independent Non-executive Director</i>2) Mr. Yeoh Chong Keat <i>Independent Non-executive Director</i>3) Dr. Teoh Kim Loon <i>Independent Non-executive Director</i>

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.

Application	:	Applied
Explanation on application of the practice	:	<p>All ARMC members have the essential skills and expertise to perform their duties and responsibilities.</p> <p>In particular, Mr. Yeoh Chong Keat is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Chartered Tax Institute of Malaysia, a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants.</p> <p>Training programmes attended by the ARMC members during the FYE 31 December 2018 are set out in the Company's Annual Report.</p> <p>The Company also provided internal briefings to the Directors on key corporate governance developments and changes to the listing requirements, other laws and regulations. The External Auditors also briefed the Board members on any changes to the accounting standards that may affect the Group's financial statements from time to time during the ARMC and Board meetings.</p> <p>The summary of work of the ARMC is disclosed in the ARMC Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The risk management framework of the Group is overseen by the Risk Management Working Groups which ensure that an annual risk management process is carried out to identify, evaluate and manage significant risks of the business. A separate Risk Management Working Group has been established for the hotel and construction divisions of the Group respectively. Each Working Group consists of key members of the management team and various departments within the division.</p> <p>Findings from the process is compiled and tabled to the Board for review and evaluation. Items highlighted to the Board are disclosed in terms of severity, probability of risk occurring, effect of the risk should it occur, and actions currently being taken to mitigate or minimise the risk to acceptable level.</p> <p>Details of the Group's internal control system and framework are set out in the Statement on Risk Management and Internal Control in the Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	: Applied
Explanation on application of the practice	<p>Registry of Risks and Risk Management Handbook</p> <p>As part of the risk management process, a detailed Registry of Risks and Risk Management Handbook were adopted. The Registry of Risks is maintained to identify principal business risks for on-going changes in the risk profile.</p> <p>The Risk Management Handbook summarises risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. The respective Risk Management Working Group of the hotel division and construction division are entrusted to identify risk and to ensure that adequate control systems are implemented to mitigate significant risks faced by the Group. The Board reviews the existing risk management framework for ensuring the framework remains relevant to the Group's business and operation requirements.</p> <p>Key Elements of The Group's Risk Management Framework:-</p> <ul style="list-style-type: none"> • Risk Management Working Group is established at the subsidiary level to support and advise the Group ARMC on the implementation and monitoring of the Group Risk Management Policies and Strategies. • For the hotel division, the working group comprised the management team including the General Manager, Financial Controller and key personnel/representatives from the respective departments. • For the construction division, the working group comprised the management team including the Chief Executive Officer, Finance Manager and key personnel/representative from the respective departments. • For the corporate division, the Executive Directors and Group Financial Controller review the annual risk profile.

- The duties of the Risk Management Working Groups include:-
 - oversee the risk management matters, which include identifying, managing, monitoring, treating and mitigating significant risks;
 - assist the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure;
 - oversee the compliance and business continuity functions;
 - review and recommend for the Board’s consideration and approval, the risk management principles, frameworks and policies for managing risks; and
 - monitor and assess the risk appetite and risk tolerance, so as to safeguard the shareholders’ investments and the Group’s assets.
- The Risk Management Working Groups discuss, update and report any new significant risks of the respective division’s risk profile once a year. The Internal Auditors are also invited to review the updated risk profile. The final risk profile together with the proposed internal audit plan are presented to the ARMC by the Internal Auditors.

Key Elements of the Group’s Internal Control System:-

Control Environment and Control Activities

- The Group maintains a clear organisation structure and adopts a hierarchical reporting system with defined lines of responsibility and accountability, appropriate segregation of duties and levels of delegated authority.
- Experienced and competent staffs are placed in areas of responsibility to support and continuously monitor the effectiveness of the Group’s system of internal control.
- Clearly defined authorisation limits at appropriate levels are set out for controlling and approving capital expenditure and expenses.
- Clearly defined Code of Conduct, Standard Operating Procedures and Staff Handbook act as the key framework for good internal control practices. These policy manuals are the subject of reviews to meet new operational and statutory requirements.
- Board and Board Committees operate based on the Board Charter and Terms of Reference. External and internal auditors conduct their assessment based on an agreed scope of work and are

	<p>assessed annually for effectiveness and level of service.</p> <ul style="list-style-type: none"> • A structured recruitment process is used to ensure that good employees join the Group. A performance appraisal system and a wide variety of training and development programmes are in place to maintain staff competency. <p>Monitoring and Communication</p> <ul style="list-style-type: none"> • Regular board and management meetings are held to assess Group performance and internal controls. • Regular visits are conducted to operating units by members of the Board and senior management whenever appropriate to verify actual operational performance. • Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures. • Regular review of business processes is conducted by the independent internal audit unit to assess the effectiveness of internal controls. Reports on findings of the internal audit and status report on follow-up actions are presented to the ARMC for consideration. 	
<p>Explanation for departure :</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>Measure :</p>		
<p>Timeframe :</p>		

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.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board had on 21 February 2018 approved the formation of Risk Management Committee and merged with Audit Committee – named as ARMC. The ARMC consists exclusively of Independent and Non-executive Directors, and is made up of the following members:-</p> <p>(i) Dato' Tea Choo Keng <i>Chairman, Independent Non-executive Director</i></p> <p>(ii) Mr. Yeoh Chong Keat <i>Independent Non-executive Director</i></p> <p>(iii) Dr. Teoh Kim Loon <i>Independent Non-executive Director</i></p> <p>The Terms of Reference of ARMC is available at the Company's website.</p>

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit function has been outsourced to an independent professional consulting firm, Sterling Business Alignment Consulting Sdn Bhd to provide independent assurance to the ARMC. Details of the Group's internal control system and framework are set out in the Statement on Risk Management and Internal Control in the Company's Annual Report.</p> <p>The internal audit adopts risk-based audit methodology as a basis to develop its audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process.</p> <p>On a quarterly basis, the internal auditors report to the ARMC on areas for possible improvement, and Management's response to such recommendations. Follow-up audits are also carried out and the outcome are reported to the ARMC to ensure weaknesses identified have been or are being addressed.</p> <p>During the FYE 31 December 2018, the internal audit reviewed the adequacy and the integrity of the Group's internal control system of the key functions including system for compliance with applicable laws, regulations, rules, directives and guidelines.</p> <p>The ARMC is responsible to ensure that the internal audit function is effective and able to function independently. The appointed internal audit firm and personnel are free from any relationships or conflicts of interest that could impair their objectivity and independence. The appointment and removal, role of internal auditor, scope of the internal audit function, performance evaluation and budget of internal audit are decided by ARMC and is set out in ARMC Report.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

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–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit function is currently outsourced to Sterling Business Alignment Consulting Sdn Bhd (“Sterling”), an independent consulting firm to take charge of the Group’s internal audit function during the financial year. Sterling is free from any relationships or conflict of interest, which could impair their objectivity and independency of the internal audit function.</p> <p>The number of audit staff deployed for each internal audit review ranges from 3 to 4 Internal Auditors per visit.</p> <p>Sterling is a corporate member of The Institute of Internal Auditors Malaysia (IIAM). Different lead Internal Auditor is assigned to conduct each Internal Audit Review, depending on the scope of the review.</p> <p>The internal audit adopts a risk-based audit methodology as a basis to develop its audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process.</p> <p>The Internal Auditors use the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems.</p> <p>Further information on the internal audit are disclosed in the ARMC Report and Statement on Risk Management and Internal Control in the Company’s Annual Report.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is cognisant that effective and timely communication is essential in maintaining good relationship with stakeholder and cultivate trust and understanding between the Group and stakeholders.</p> <p>Other than investor relations function, engagement forums and briefings, the Group leverage on information technology to create ease of access and convenience in all communications for stakeholder.</p> <p>Announcements and other corporate disclosures issued by the Group can be accessed via Bursa Malaysia Securities Berhad ("Bursa Malaysia")'s website (www.bursamalaysia.com) and also on the Company's website (www.lienhoe.com.my). Quarterly and annual reports are announced to Bursa Malaysia within 2 months after the end of each quarter of a financial year and 4 months from the close of the financial year respectively, to give shareholders the most updated view of the Group's financial performance. Where corporate exercises are proposed for shareholders' approval, key documents including the Company's constitution, recent audited financial statements, adviser reports, material contracts and cause papers in respect of material litigation, where applicable, are made available for inspection.</p> <p>In addition, the address and phone number of the Group is clearly disclosed in the annual report, so that concerned shareholders may easily contact the office of the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. Annual reports, announcements and release of quarterly financial results are made electronically to the public via Bursa Malaysia's website at www.bursamalaysia.com as well as the Company's website at www.lienhoe.com.my. It provides the shareholders and the investing public with the necessary information about the Group's financial performance and operations.</p> <p>The Company is not a Large company as defined in the Malaysian Code on Corporate Governance.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	The Notice of Annual General Meeting ('AGM') to shareholders is dated 29 April 2019, which is more than 28 days' notice prior to the Company's AGM to be held on 18 June 2019.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman, Board Committees' Chairman, Managing Director, Executive Directors, Chief Executive Officer as well as the external auditors and professional advisors (where applicable) shall attend general meetings to respond to all questions raised at the meetings. Shareholders are encouraged to raise questions before matters on the agenda are put to a vote.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	The Company’s AGM has been held within city limits and not in remote locations.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

**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.

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