

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 3573  
**COMPANY NAME** : Lien Hoe Corporation Berhad  
**FINANCIAL YEAR** : December 31, 2022

## 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("the Board") of Lien Hoe Corporation Berhad recognises the importance of good corporate governance ("CG") 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 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 the Terms of Reference of the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") 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"), Whistle-Blowing Policy and an Anti-Bribery and</p>

	<p>Anti-Corruption Policy. The Internal Code, Whistle-Blowing Policy, Anti-Bribery and Anti-Corruption Policy and Board Charter are available for reference in the Company's website.</p> <p>(b) Reviewing and deciding on management's proposals for the Company, and monitoring its implementation by management</p> <p>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.</p> <p>(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</p> <p>In ensuring that the strategic plan of the Company supports long-term value creation, the Board had 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.</p> <p>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 of the Company's Annual Report for the financial year ended 31 December 2022.</p> <p>(d) Supervising and assessing management performance to determine whether the business is being properly managed</p> <p>A total of six (6) Board meetings were conducted during the financial year ended 31 December 2022. The Board reviews and discuss annual operating budget, major capital expenditures and strategic business plan before any approval is granted. The Managing Director/Chief Executive Officer, Executive Directors 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.</p> <p>(e) Ensuring there is a sound framework for internal controls and risk management</p>
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	<p>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.</p> <p>The details of the Group's internal controls and risk management are set out in its Statement on Risk Management and Internal Control of the Company's Annual Report.</p> <p>(f) Understanding the principal risks of the Group's business and recognising that business decisions involve the taking of appropriate risks</p> <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 division of the Group. The 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>(g) Ensuring that there is an appropriate risk management framework in place, for management to identify, manage and monitor significant risks</p> <p>The Board confirms that there is an on-going 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 Risk Management Working Group of the hotel division is entrusted to identify risk and to ensure that adequate control systems are implemented to mitigate significant risks faced by the Group.</p> <p>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.</p>
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	<p>(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</p> <p>The Board through the 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 and performance of the Board as a whole, the Board Committees and the performance of each individual Director on an annual basis.</p> <p>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.</p> <p>The terms of reference of the NC is also available for reference in the Company's website.</p> <p>(i) Ensuring that the Group has in place procedures to enable effective communication with stakeholders</p> <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. 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 stakeholders.</p> <p>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> <p>(j) Ensuring the integrity of the Company's financial and non-financial reporting</p> <p>The 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 the Board acknowledging its responsibility in the preparation of the Group financial statements is provided in the Directors' Responsibility Statement of the Company's Annual</p>
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	Report. Activities carried out by the ARMC are set out in the ARMC Report.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The 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>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The role of the Chairman and the Managing Director/Chief Executive Officer are distinct and separate to ensure there is balance of power and authority. The roles of Board Chairman and Managing Director/Chief Executive Officer are held by Mr. Yeoh Chong Keat and Ms. Yap Tse Yeeng, Christine respectively.</p> <p>The role of the Chairman is highlighted in Practice 1.2 above. The role of the Managing Director/Chief Executive Officer 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/Chief Executive Officer, assisted by the management team, is responsible to:</p> <ul style="list-style-type: none"><li>(a) Assist the Board in overseeing the day-to-day operations of the Group;</li><li>(b) Ensure the implementation of all approved policies and procedures and formulating plans to achieve the Group's corporate objectives;</li><li>(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;</li><li>(d) Ensure the implementation and effectiveness of internal controls, to monitor and safeguard the Group's financial and other resources; and</li><li>(e) Maintain a high level of employee effectiveness, ethics and morale.</li></ul> <p>The Managing Director/Chief Executive Officer, Executive Directors 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/Chief Executive Officer is defined in the Board Charter.</p>
<b>Explanation for departure</b>	:	



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

## Intended Outcome

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

## Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: <p>During the financial year under review and prior to the demise of the late Managing Director, the Board had a total of 6 members, comprised of 3 Executive Directors and 3 Independent Non-executive Directors.</p> <p>As at the date of issuance of the Annual Report 2022, the Board has a total of 5 members, comprised of 2 Executive Directors and 3 Independent Non-executive Directors. The composition of the ARMC, NC and RC consist of all the 3 Independent Non-executive Directors.</p> <p>The roles and responsibilities of the Board Chairman and the roles and responsibilities of the ARMC, NC and RC are separate and distinct. The activities of these Board Committees are carried out in accordance with their respective Terms of References and other applicable policy(ies), code, and/or regulatory requirements.</p> <p>Any recommendations/proposals of the Board Committees were based on consensual decision. The Chairman of the Board Committees will report to the Board on key issues deliberated by the Board Committees at their respective meetings. The Board will consider/deliberate and/or make decision on the matters brought to its attention collectively.</p> <p>The Board will review the composition of the Board Committees annually and/or when the need arises, to ensure that they are functioning effectively, and will consider refreshing the composition of the Board Committees at an appropriate time upon due consideration and in compliance with the regulatory requirements.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.

<b>Timeframe</b>	:	Choose an item.	
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### 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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by 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 relevant company and securities regulations and Main Market Listing Requirements ("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 general meetings, 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>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	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 reflect the deliberations and decisions of the Board. Upon conclusion of the meeting, the minutes are circulated in a timely manner for review.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board 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 RC which specify the composition, rights, key functions, roles and responsibilities of the respective committees.</p> <p>A Board Charter was formalised and adopted by the Board. It defines the composition, the responsibilities of the Chairman and Managing Director/Chief Executive Officer, ensures that the Board may establish committees to assist in carrying out its duties and responsibilities, the procedures for convening Board meetings, investor relations and shareholders communication, access to information and independent advice and to ensure that the Malaysian Code on Corporate Governance ("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 <a href="http://www.lienhoe.com.my">www.lienhoe.com.my</a>.</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/Chief Executive Officer 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>

	(c) designing corporate policies with inherent risk management and internal control systems to ensure continuous risk evaluation process;  (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  (e) reviewing and approving the Company's announcements to the public, including publishing of annual reports and financial results.			
<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

### 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>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 <a href="http://www.lienhoe.com.my">www.lienhoe.com.my</a>.</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

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

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

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A Whistle-Blowing Policy has been established by the Board, 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 <a href="http://www.lienhoe.com.my">www.lienhoe.com.my</a>. The report will be directly emailed to the Chairman of ARMC and copied to the Managing Director/Chief Executive Officer of the Company.</p> <p>The Whistle-Blowing Policy is available for reference at <a href="http://www.lienhoe.com.my">www.lienhoe.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.1**

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board together with the management take responsibilities for the governance of sustainability in the Company including setting the sustainability strategies, priorities and targets where and when appropriate.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company's sustainability strategies, priorities and targets are communicated directly to all its internal and external stakeholders, which include inter-alia employees, customers, suppliers, business partners and industry associations, through the Sustainability Statement in the Company's Annual Report and other formal and informal dialogues.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board and its members are continually engaging with professionals to gain the latest development and a better understanding of all relevant sustainability issues, including climate-related risks and opportunities.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.4**

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has performed the roles and duties in addressing material sustainability matters. The performance of the Board in addressing the Company's material sustainability matters was evaluated through the annual Board's effectiveness evaluation. As for the senior management team, it is part of their key performance indicators which are reviewed annually.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

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

## Intended Outcome

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

## Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC reviewed the composition of the Board annually and reviewed the tenure of the Directors.</p> <p>The NC reviewed the Directors standing for re-election prior to recommendation to the Board for its consideration and recommendation to the shareholders for approval upon satisfactory evaluation.</p> <p>The Director standing for re-election by rotation at the forthcoming Annual General Meeting ("AGM") is Mr. Yeoh Chong Keat. The NC and the Board had reviewed the annual evaluation and the declaration by Mr. Yeoh who does not have any conflict of interest with the Company, and were satisfied with the contribution of him who had provided independent views, advices and judgements. The Board recommends the re-election of Mr. Yeoh.</p> <p>Subsequent to the financial year under review, the Company had on 27 February 2023 appointed an additional Independent Non-executive Director, Mr. Lau Shu Yan Julius. In accordance with the Company's Constitution, the Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for re-election. The Board recommends the re-election of Mr. Lau.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

**Practice 5.2**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board presently consists of 5 members; comprising 2 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>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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.</p> <p>Shareholders' approval had been sought in the last AGM held in 2022 for retention of Independent Non-Executive Directors who have served the Board for more than 9 years based on the following considerations:-</p> <ul style="list-style-type: none"><li>(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;</li><li>(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</li><li>(iii) The Board is of the opinion that they are important independent directors of the Board in view of their 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 during their tenure.</li></ul> <p>As at the date of issuance of this report, the Directors who have served the Board as Independent Non-executive Directors for more than 12 years are Mr. Yeoh Chong Keat and Dr. Teoh Kim Loon. The position of both Mr. Yeoh and Dr. Teoh will be subject to the 12-year tenure limit</p>

	regulatory requirements which will be implemented effective 1 June 2023. As such, no shareholders' approval will be sought at the forthcoming AGM on retention of Independent Non-executive Directors.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### Intended Outcome

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

### Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>One of the key responsibilities of the Board is appointment of directors, Managing Director/Chief Executive Officer and other members of senior management. 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"><li>(i) review annual Board assessment and evaluation and/or any updates on regulatory requirements on tenure of Directors and Board composition;</li><li>(ii) determine required mix of skills and experience of the current Board;</li><li>(iii) source for candidate(s), if necessary;</li><li>(iv) evaluate and match the criteria of the candidate(s); and</li><li>(v) recommend the candidate(s) to the Board for appointment.</li></ul> <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/re-election 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>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

### Intended Outcome

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

### Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	There was no appointment of Director during the financial year ended 31 December 2022.  In the event that vacancies become available on the Board in future, the Board will consider to 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.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The information of the Directors standing for re-election and their shareholdings in the Company (if any) were set out in the Notice of AGM, Directors' Profile and Statistics of Shareholdings of the Company's Annual Report.</p> <p>The Directors standing for re-election by rotation at the forthcoming AGM is Mr. Yeoh Chong Keat. The NC and the Board had reviewed the annual evaluation and the declaration by Mr. Yeoh who does not have any conflict of interest with the Company, and were satisfied with the contribution of him who had provided independent views, advices and judgements. The Board recommends the re-election of Mr. Yeoh, and the statement is set out in the notice of the forthcoming AGM of the Company.</p> <p>Subsequent to the financial year under review, the Company had on 27 February 2023 appointed an additional Independent Non-executive Director, Mr. Lau Shu Yan Julius. In accordance with the Company's Constitution, the Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for re-election. The Board recommends the re-election of Mr. Lau, and the statement is set out in the notice of the forthcoming AGM of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		



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

**Intended Outcome**

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

**Practice 5.8**

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

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Board 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/re-election 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 20.00% of the 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>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

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

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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/re-election 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 20.00% of the 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, <a href="http://www.lienhoe.com.my">www.lienhoe.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The NC has in place a formal evaluation process to assess the effectiveness and performance 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 2022, the NC:-</p> <ul style="list-style-type: none"><li>• reviewed and recommended the amendments to the Gender Diversity Policy and terms of reference of the NC to the Board for approval;</li><li>• reviewed the Board's structure, size and composition, assessed and evaluated the effectiveness of each individual Director and the Board as a whole through Board 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 respective evaluation forms 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;</li><li>• recommended the NC Report to the Board for approval; and</li><li>• reviewed and recommended the Directors' Fit and Proper Policy to the Board for approval.</li></ul> <p>With regards to the assessment during the FYE 31 December 2022, the NC was satisfied upon completing its assessments that the Board had</p>

	<p>discharged its duties and responsibilities effectively. The NC 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> <p>The NC will review the composition of the Board and the tenure of Directors annually and from time to time, if required, to ensure the Board continues to function effectively and in compliance with the regulatory requirements.</p>			
<b>Explanation for departure</b>	:			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>				
<b>Measure</b>	:			
<b>Timeframe</b>	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

### 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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 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 <a href="http://www.lienhoe.com.my">www.lienhoe.com.my</a>.</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> <p>The level and composition of remuneration of Senior Management take into account the demands, the Company's needs to attract and retain experienced and caliber Senior Management based on their skills, duties, roles and responsibilities, performances, competitive pressures of the marketplace and comparison of remuneration packages of other listed companies, as well as the market trends, complexities and performance of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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



### Intended Outcome

The 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 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 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 available on the Company's website at <a href="http://www.lienhoe.com.my">www.lienhoe.com.my</a>.</p> <p>The RC assumes the following responsibilities:-</p> <ul style="list-style-type: none"><li>(i) to review and recommend to the Board the remuneration of the Directors of the Company as guided by the Remuneration Policy of the Company; and</li><li>(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.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The detailed disclosure on named basis for the remuneration of individual directors for FYE 31 December 2022 is in the table below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Yap Sing Hock (demised on 21 May 2022)	Executive Director	-	40	60	12	-	5	117	-	40	6,013	12	-	5	6,070
2	Ms. Yap Tse Yeeng, Christine	Executive Director	-	-	72	6	-	-	78	-	-	2,382	6	-	-	2,388
3	Mr. Cheong Marn Seng	Executive Director	-	-	-	-	-	-	-	-	-	444	19	-	55	518
4	Mr. Yeoh Chong Keat	Independent Director	93	-	-	-	-	-	93	93	-	-	-	-	-	93
5	Dr. Teoh Kim Loon	Independent Director	75	-	-	-	-	-	75	75	-	-	-	-	-	75
6	Dato' Tea Choo Keng (resigned on 16 March 2023)	Independent Director	75	-	-	-	-	-	75	75	-	-	-	-	-	75
7	Mr. Lau Shu Yan Julius (appointed on 27 February 2023)	Independent Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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**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 8.2**

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
<b>Explanation on application of the practice</b>	:	The senior management’s remunerations in bands of RM50,000 on named basis are disclosed in the table below.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Mr. Hoon Tai Chee	General Manager, Hotel Armada (PJ) Sdn Bhd	150,001-200,000	0-50,000	0-50,000	Choose an item.	0-50,000	200,001-250,000
2	Ms. Wong Ngoke Meng	Group Financial Controller	150,001-200,000	0-50,000	0-50,000	Choose an item.	0-50,000	200,001-250,000
3	Mr. Loh Giap Tik	Senior Finance and Administration Manager, Christine Resort Sdn Bhd	100,001-150,000	Choose an item.	0-50,000	Choose an item.	0-50,000	150,001-200,000
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**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 8.3 - Step Up**

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

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

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here



**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 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>During FYE 31 December 2022, 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.</p> <p>Dato' Tea had resigned as an Independent Non-executive Director and ceased as the Chairman of the ARMC on 16 March 2023.</p> <p>Dr. Teoh Kim Loon has been re-designated as Chairman of the ARMC on 14 April 2023.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board notes the requirement in Practice 9.2 and the same had been incorporated in the Terms 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 three (3) 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 <a href="http://www.lienhoe.com.my">www.lienhoe.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 seven (7) years.</p> <p>The ARMC has reviewed the audit planning memorandum for the financial year 2022. 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 review of the Statement on Risk Management and Internal Control. 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>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>For the financial year under review, the ARMC consists exclusively of Independent Non-executive Directors, and is made up of the following members:-</p> <ol style="list-style-type: none"><li>1) Dato' Tea Choo Keng <i>Chairman, Independent Non-executive Director</i></li><li>2) Mr. Yeoh Chong Keat <i>Independent Non-executive Director</i></li><li>3) Dr. Teoh Kim Loon <i>Independent Non-executive Director</i></li></ol> <p>Subsequent to Dato' Tea's cessation as Chairman of the ARMC on 16 March 2023 and as at the date of issuance of this report, the composition of the ARMC is as follows:-</p> <ol style="list-style-type: none"><li>1) Dr. Teoh Kim Loon <i>Chairman, Independent Non-executive Director</i> <i>(re-designated as Chairman of the ARMC on 14 April 2023)</i></li><li>2) Mr. Yeoh Chong Keat <i>Independent Non-executive Director</i></li><li>3) Mr. Lau Shu Yan Julius <i>Independent Non-executive Director</i> <i>(appointed on 27 February 2023)</i></li></ol>

### 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 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All 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 Directors during the FYE 31 December 2022 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 Directors on any changes to the accounting standards that may affect the Group's financial statements from time to time during the ARMC meetings.</p> <p>The summary of work of the ARMC is disclosed in the ARMC Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## 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 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 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 division of the Group. The 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>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

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

### Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b>Registry of Risks and Risk Management Handbook</b></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 Risk Management Working Group of the hotel division is 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><b>Key Elements of The Group's Risk Management Framework:-</b></p> <ul style="list-style-type: none"><li>• 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.</li><li>• For the hotel division, the working group comprised the management team which includes the General Manager, Financial Controller, and key personnel/representatives from the respective departments.</li><li>• For the corporate division, the Executive Directors review the annual risk profile including corporate liabilities risks.</li><li>• The duties of the Risk Management Working Groups include:-<ul style="list-style-type: none"><li>• overseeing the risk management matters, which include identifying, managing, monitoring, treating and mitigating significant risks;</li></ul></li></ul>



	<ul style="list-style-type: none"> <li>• assisting the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure;</li> <li>• overseeing the compliance and business continuity functions;</li> <li>• reviewing and recommending for the Board's consideration and approval, the risk management principles, frameworks and policies for managing risks; and</li> <li>• monitoring and assessing the risk appetite and risk tolerance, so as to safeguard the shareholders' investments and the Group's assets.</li> </ul> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The Risk Management Working Groups has implemented the Anti-Bribery Management System with the objective of compliance with subsection (4) of section 17A under the Malaysian Anti-Corruption Commission (MACC) Act 2009 effective from 1 June 2020 onwards. For the financial year under review, the Group has assessed the Group Policy Handbook of Anti-Bribery and Corruption Management System implemented based on the Guideline on Adequate Procedures (GAP) and compliance with the listing requirements in relation to anti-corruption measures.</li> </ul> <p><b>Key Elements of the Group's Internal Control System:-</b></p> <p><b>Control Environment and Control Activities</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Experienced and competent staff are placed in areas of responsibility to support and continuously monitor the effectiveness of the Group's system of internal control.</li> <li>• Clearly defined authorisation limits at appropriate levels are set out for controlling and approving capital expenditures and expenses.</li> <li>• 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.</li> </ul>
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	<ul style="list-style-type: none"> <li>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 assessed annually for effectiveness and level of service.</li> <li>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.</li> </ul> <p><b>Monitoring and Communication</b></p> <ul style="list-style-type: none"> <li>Regular Board and management meetings are held to assess Group performance and internal controls.</li> <li>Regular visits are conducted to operating units by members of the Board and senior management whenever appropriate to verify actual operational performance.</li> <li>Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures.</li> <li>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.</li> </ul>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

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

**Practice 10.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

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

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 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 auditors adopt 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 report to the ARMC on areas for possible improvement, and management's response to such recommendations. Follow-up audits will be carried out in accordance with the internal audit plan and the outcome will be reported to the ARMC to ensure weaknesses identified have been or are being addressed.</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 the ARMC.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## 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 11.2

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 independence 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). A different lead Internal Auditor is assigned to conduct each Internal Audit Review, depending on the scope of the review.</p> <p>The internal auditors adopt 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 Internal Control (COSO-IC) – 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>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board 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 stakeholders.</p> <p>Announcements and other corporate disclosures issued by the Company can be accessed via Bursa Malaysia Securities Berhad ("Bursa Malaysia")'s website (<a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>) and also on the Company's website (<a href="http://www.lienhoe.com.my">www.lienhoe.com.my</a>). Quarterly financial results and annual report are announced to Bursa Malaysia within 2 months after the end of each quarter of a financial year and within allowable time frame 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>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



<b>Timeframe</b>	:		
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**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 12.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.1**

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 AGM to shareholders is dated 27 April 2023, which is more than 28 days’ notice prior to the Company’s AGM to be held on 19 June 2023.	
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**

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

**Practice 13.2**

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, 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 during the question and answer (“Q&A”) session.	
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

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

### Practice 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	During the financial year under review, the general meeting of the Company was held within city limits and not in remote locations.	
		Shareholders are entitled to appoint proxy(ies) / representative(s) / Chairman of the meeting to vote on their behalf in their absence at general meeting.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

### Intended Outcome

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

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	During the financial year under review, the general meeting of the Company was held within city limits and not in remote locations.  Shareholders are encouraged to raise questions during the Q&A session. Response will be given to all questions raised during the Q&A session.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

provide any reasons online entered by the meeting platform.			
Application	:	Not applicable – only physical general meetings were conducted in the financial year	
Explanation on application of the practice	:		
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**

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

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Minutes of the general meeting(s) had been and will be made available in the Company's website within the stipulated time frame.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT 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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