

ANTI-BRIBERY AND CORRUPTION POLICY (“ABC” POLICY)
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1. Introduction

Lii Hen Industries Berhad (“Company”) and its subsidiaries (“Group”) are committed to conduct our business in a lawful and ethical manner.

In response to the development of laws and regulations in relation to global fight against corruption, including the introduction of corporate liability in Malaysia via the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act 2009”), our Group has established this Anti-Bribery and Corruption Policy (“ABC Policy” or “Policy”) that sets out our Group’s principles and stance and adequate procedures against bribery and corruption activities in the conduct of our business, both in Malaysia and abroad.

This ABC Policy has considered, inter-alia, guidelines issued by the Prime Minister’s Office, i.e. Guidelines on Adequate Procedures Pursuant to Section 17A (5) of the MACC Act 2009, as well as other international practices on anti-bribery and corruption.

Our Group aims to achieve the highest level of business ethics to prevent the occurrence of bribery or corruption activities in the conduct of our Group’s businesses in the various countries we operate.

2. What does the Policy cover?

- 2.1. This Policy sets out the responsibilities of the Group and those who work for the Group on the requirement to observe and uphold the Group’s zero-tolerance position and stance on “bribery and corruption” (collectively known as “corrupt gratification”).
- 2.2. This Policy provides a source of information and guidance for those working for the Group. It helps them recognise and deal with corrupt gratification, as well as understand their responsibilities.
- 2.3. For the purpose of this Policy:
 - **Bribery** means the act of giving or receiving something of value in exchange for some kind of influence or action in return, that the recipient would otherwise not offer;
 - **Corruption** means the act of soliciting, giving, accepting or receiving gratification, directly or indirectly, to or from a person in authority either in the form of money, services or valuable goods as an inducement or reward to or not to do an act in relation to the person’s principal affairs – in short, corruption is an “abuse of entrusted power or position to obtain a personal gain or benefit”; and
 - **Gratification** shall have the meaning as defined in Section 3 of the MACC Act 2009, i.e.:
 - a) money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether movable or immovable, financial benefit, or any other similar advantage;
 - b) any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;

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- c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- d) any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;
- e) any forbearance to demand any money or money's worth or valuable thing;
- f) any other service or favour of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of any disciplinary, civil or criminal nature, whether or not already instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty; and
- g) any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (a) to (f).

The provision or receipt of gratification is not an offence unless it is done corruptly.

3. Policy statement

The Group is committed to complying with the relevant anti-bribery and corruption laws and regulations, breaches or violation of which may cause great damages to the Group. The consequences may include reputational damages, legal fines, imprisonment for persons responsible, eventual loss of business or key talents in the Group, etc. Accordingly, the Group has adopted the following position and stance on bribery and corruption:

- the Board of Directors of Lii Hen Industries Berhad adopts a zero-tolerance approach towards bribery and corruption and the Group shall not pay nor receive any corruption gratification to or from anyone for any purpose;
- the Group shall uphold this position and stance across its business seriously and expects the same from stakeholders, both internal and external to the Group's business, extending to all the Group's business dealings and transactions in the countries we operate;
- Directors, Employees, Suppliers, Service Providers, Business Associates, Consultants and any third parties working with or for the Group (collectively called “Associated Persons”) shall adhere to and observe the Group's anti-bribery and corruption position and stance and relevant provisions set out in the Group's Policy; and
- The Group treats any violation of the Policy seriously and shall undertake necessary actions, including, but not limited to, review of employment or appointment, contracts (including termination of contracts), disciplinary actions, dismissal, and reporting to the authorities, consistent with the relevant laws and regulations.

The Group recognises that acts of corrupt gratification are punishable by way of pecuniary fines and/or jail sentences, as the case may be, upon conviction. If any entity in the Group or person associated with it is found to have taken part in bribery or corrupt activities to benefit the Group, either by way of obtaining or retaining a business or advantage in the conduct of the Group's business, we

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may be subjected to a monetary fine of not less than 10 times the sum or value of the corrupt gratification, and/or the officers concerned jailed not exceeding 20 years, upon conviction under the MACC Act 2009. There may well be other associated charges brought against the Group and/or its officers under other legislations in Malaysia or in the countries in which the alleged offence is committed. All these may lead to serious damage to our reputation. It is with this in mind that we remain committed to preventing acts of corrupt gratification in our businesses, and we take our legal responsibilities seriously.

4. Who are covered by the Policy?

- 4.1. This Policy applies to all Associated Persons, comprising Employees (including Non-Executive Directors, trainees, seconded staff, casual workers, agency staff, volunteers, interns, whether temporary, contract-basis or permanent), Suppliers, Service Providers, Business Associates, Consultants, Contractors, Agents, Sponsors, Intermediaries, or any other person or persons working with or for the Company or any of our subsidiaries, no matter where they are located (within or outside of Malaysia). The definition of such Associated Persons accords with S17A (2) of the MACC Act 2009.
- 4.2. In the context of this Policy, third party refers to any individual or organisation our Group meets and works with. It refers to actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies – this includes their advisors, consultants, representatives and officials, politicians and public parties.
- 4.3. Any arrangements our Group makes with a third party is subject to clear contractual terms, including specific provisions that require the third party to comply with at least the minimum standards and procedures relating to anti-bribery and corruption.

5. Definition of bribery and corruption

- 5.1. **Bribery** refers to the act of offering, giving, promising, asking, agreeing, receiving, accepting or soliciting something of value or of an advantage so to induce or influence an action or decision. A bribe refers to any inducement, reward or object/item of value offered to another individual in order to gain or retain commercial, contractual, regulatory or personal business or advantage. Bribery is not limited to the act of offering a bribe. If an individual is on the receiving end of a bribe and they accept it, they are also breaking the law.
- 5.2. **Corruption** means the act of soliciting, giving, promising to give, offering, accepting or receiving gratification, directly or indirectly, to/from a person in authority either in the form of money, services, favours, positions or valuable goods as an inducement or reward to or not to do an act in relation to the person's principal affairs or function. In short, corruption is essentially an “abuse of entrusted power or position to obtain a personal gain or benefit”.
- 5.3. Bribery and corruption (collectively “**corrupt gratification**”) are illegal. Employees must not engage in any form of corrupt gratification, whether it be directly or through a third party (such as an agent or distributor). They must not bribe a foreign public official anywhere in the

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world. They must not accept bribes in any degree and if they are uncertain about whether something is a bribe, a gift or act of hospitality, they must seek further advice from the Group's Compliance Officer. All Associated Persons are prohibited to offer or receive any corrupt gratification for and on behalf of any company in the Group in the course of providing services for the Group.

6. What IS and what IS NOT acceptable

6.1. This section of the Policy refers to the following four (4) areas:

- Gifts, entertainment, hospitality and travel;
- Facilitation payments;
- Political contributions; and
- Charitable contributions and sponsorships.

6.2. Gifts, entertainment, hospitality and travel

The Group accepts normal and appropriate gestures of hospitality and goodwill (whether given to or received from third parties) so long as the giving or receiving of gifts, entertainment, hospitality and travel meets the following requirements:

- a) It is not made with the intention of influencing the party to whom it is being given, to obtain or reward the retention of a business or a business advantage, or as an explicit or implicit exchange for favours, positions or benefits;
- b) It is not made with the suggestion that a return favour is expected;
- c) It is in compliance with local laws;
- d) It is given in the name of the organisation, not in an individual's name;
- e) It does not include cash or a cash equivalent (e.g. a voucher or gift certificate);
- f) It is appropriate for the circumstances (e.g. giving small gifts around festive seasons or as a small thank you to an organisation for helping with a large project upon completion);
- g) It is of an appropriate type and value, and given at an appropriate time, taking into account the reason for the gift, entertainment, hospitality and travel;
- h) It is given or received openly, not secretly;
- i) It is not selectively given to a key or influential person, clearly with the intention of directly influencing them;

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- j) It accords with the limits of threshold, frequency and approval mandate as pre-determined by the Group; and
- k) It is not offered to, or accepted from, a government official or representative, politician or political party, without the prior sanction based on the Group's approval mandate.

We shall ensure that all gifts, entertainment, hospitality and travel made are legal and ethical under local laws and practices, and that such expenses incurred are made in accordance with the Group's approval mandate.

6.3. Where it is inappropriate to decline the offer of a gift, entertainment, hospitality or travel (i.e. when meeting with an individual of a certain religion/culture who may take offence), the gift, entertainment, hospitality or travel may be accepted so long as it is declared to the Compliance Officer, who shall assess the circumstances, including whether it accords with the Group's pre-determined thresholds and frequency.

6.4. The Group recognises that the practice of giving and receiving business gifts varies amongst countries, regions, cultures and religions. As such, definitions of what is acceptable and not acceptable will inevitably differ for each.

6.5. As good practice, gifts, entertainment, hospitality and travel given and received should always be disclosed to the Compliance Officer.

6.6. The intention behind a gift, entertainment, hospitality or travel being given or received should always be considered. If there is any uncertainty, the advice of the Compliance Officer should be sought. The Group has formalised a policy which regulates the giving and acceptance of gifts, entertainment, hospitality and travel.

6.7. Facilitation Payments and Kickbacks

The Group does not accept and will not make any form of facilitation payments of any nature. We recognise that facilitation payments are a form of bribery that involves expediting or facilitating the performance of a public official for a routine governmental action. We recognise that they tend to be made by low level officials with the intention of securing or speeding up the performance of a certain duty or action. The Group has formalised a policy on Facilitation Payment.

6.8. The Group does not allow kickbacks to be made or accepted. We recognise that kickbacks are typically made in exchange for a business favour or advantage.

6.9. The Group recognises that despite our strict policy on facilitation payments and kickbacks, employees may face a situation where avoiding a facilitation payment or kickback may put their or their family's personal security at risk. Under these circumstances, the following steps must be taken:

- a) Keep any amount to the minimum;

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- b) Ask for a receipt, detailing the amount and reason for the payment;
- c) Create a record concerning the payment; and
- d) Report this incident to your line manager.

6.10. Political Contributions

The Group will not make donations, whether in cash, kind or by any other means, to support any political parties or candidates. We recognise this may be perceived as an attempt to gain an improper business advantage.

6.11. Charitable Contributions

The Group accepts and encourages the act of donating to charities as part of its corporate social responsibility initiatives, whether through services, knowledge, time or direct financial contributions (cash or otherwise), and agrees to disclose all charitable contributions at its corporate website at liihenfurniture.com

- 6.12. Employees must be careful to ensure that charitable contributions are not used to facilitate and conceal acts of bribery. If in doubt, check with the Compliance Officer.

- 6.13. We shall ensure that all charitable donations made are legal and ethical under local laws and practices, and that donations are offered or made in accordance with the Group's approval mandate.

7. Employee Responsibilities

- 7.1. As an employee of the Group, you must ensure that you read, understand and comply with the information contained within this Policy, and with any training or other anti-bribery and corruption information you are given from time to time.
- 7.2. All employees and those under our control are equally responsible for the prevention, detection and reporting of bribery and other forms of corruption. They are required to avoid any activities that could lead to, or imply, a breach of this Policy.
- 7.3. If you have reasons to believe or suspect that an instance of bribery or corruption has occurred or will occur in the future that breaches this Policy, you must notify the Compliance Officer.
- 7.4. If any employee breaches this Policy, the employee will face disciplinary action and could face dismissal for gross misconduct. The Group has the right to terminate a contractual relationship with an employee if the employee breaches this Policy.

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8. What happens if I need to raise a concern?

8.1. This section of the policy covers 3 areas:

- a) How to raise a concern?
- b) What to do if you are a victim of bribery or corruption? And
- c) Protection.

8.2. How to raise a concern?

If you suspect that there is an instance of bribery or corrupt activity occurring in relation to the Group, you are encouraged to raise your concerns at as early a stage as possible. If you are uncertain about whether a certain action or behaviour could be considered bribery or corruption, you should speak to your line manager, the Compliance Officer, the Managing Director or the Audit Committee Chairman.

- 8.3.** The Group shall, via the Compliance Officer, familiarise all employees with its whistleblowing policy and procedures so that employees can vocalise their concerns swiftly and confidentially. The Whistle-Blowing mechanism, which is uploaded on the Company's website at liihenfurniture.com provides external stakeholders as well as the public to report any actual or suspected wrongdoing in good faith without fear of reprisals to designated persons mentioned in the Group's Whistle-Blowing Policy and Procedures document.

8.4. What to do if you are a victim of bribery or corruption?

You must tell your Compliance Officer as soon as possible if you are offered a bribe by anyone, if you are asked to make one, if you suspect that you may be bribed or asked to make a bribe in the near future, or if you have reason to believe that you are a victim of another corrupt activity.

8.5. Protection

If you refuse to accept or offer a bribe or you report a concern relating to potential act(s) of bribery or corruption, the Group understands that you may feel worried about potential repercussions. The Group will support anyone who raises concerns in good faith under this Policy, even if investigation finds that he/she was mistaken.

- 8.6.** The Group will ensure that no one suffers any detrimental treatment as a result of refusing to accept or offer a bribe or other corrupt activities or because they reported a concern relating to potential act(s) of bribery or corruption.

- 8.7.** Detrimental treatment refers to dismissal, disciplinary action or unfavourable treatment in relation to the concern the individual raised.

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- 8.8.** If you have reason to believe you have been subjected to unjust treatment as a result of a concern or refusal to accept a bribe, you should inform your line manager or the Compliance Officer immediately.

9. Training and communication

- 9.1. The Group will provide training on this Policy as part of the induction process for all new employees. Employees will also receive regular, relevant training on how to adhere to this Policy, and will be asked annually to formally accept in writing that they will comply with this Policy.
- 9.2. The Group's Anti-Bribery and Corruption Policy and zero-tolerance stance shall be clearly communicated to all suppliers, contractors, business partners and any third parties at the outset of business relations, and as appropriate thereafter.
- 9.3. The Group shall provide relevant anti-bribery and corruption training to employees, etc., where we feel their knowledge of how to comply with the MACC Act 2009 or other requirements (e.g. the Malaysian Code on Corporate Governance, Bursa Malaysia's Listing Requirements, Companies Act 2016, etc.) on anti-bribery and corruption needs to be enhanced. As good practice, all businesses in the Group shall provide their employees with anti-bribery training from time to time where there is a potential risk of facing bribery or corruption during work activities.

10. Record keeping

- 10.1. The Group shall keep detailed and accurate financial and other records, and shall have appropriate internal controls in place to act as evidence for all payments made. We shall declare and keep a written record of the amount and reason for gifts, entertainment, hospitality and travel accepted and given, including donations, sponsorships and expenses of similar nature by whatever name called, and understand that such expenses are subject to managerial review. The record shall document the following as a minimum:
- Identify of the giver and recipient (names of individuals and corporations they represent);
 - The actual amount expended or best estimate (in respect of gifts, entertainment, hospitality and travel received);
 - Purpose of the giving or receiving; and
 - Frequency of the giving or receiving.

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11. Monitoring, reviewing and enforcement

- 11.1. The Group’s Compliance Officer is responsible for monitoring the adequacy and operating effectiveness of this Policy and shall review its implementation on a regular basis, including assessing its suitability, adequacy and effectiveness.
- 11.2. Internal control systems and procedures designed to prevent acts of corrupt gratification are subject to regular internal audits to ensure that they are effective in practice.
- 11.3. Any need for improvements shall be applied immediately. Employees are encouraged to offer their feedback on this Policy if they have any suggestions on how it may be improved. Feedback of this nature should be addressed to the Compliance Officer.
- 11.4. This Policy does not form part of an employee’s contract of employment and the Group may amend it at any time so as to improve its effectiveness at combatting bribery and corruption.
- 11.5. Any employee of the Group or Associated Persons, if found guilty of an act of bribery or corruption in breach of this Policy, shall be dealt with according to the Group’s disciplinary measures.

This Policy (Version 1.0) is approved by the Board of Directors of Lii Hen Industries Berhad via a resolution dated 27 May 2020