

BOARD CHARTER

INTRODUCTION

As an export driven manufacturer of furniture, Lii Hen Industries Bhd (the Company/**Lii Hen**) has to ensure that it manages the business and affairs of the Company and its subsidiaries (Lii Hen Group) in conformity with the laws and regulations of the jurisdictions in which it operates.

The Directors of Lii Hen's Group regard Corporate Governance as vitally important to the success of business and are unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is practiced in all of its business dealings in respect of its shareholders and relevant stakeholders:

- (i) The Board is the focal point of the Company's Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.
- (ii) All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- (iii) All Board members are responsible to the Company for achieving a high level of good governance.
- (iv) This Board Charter shall constitute, and form, an integral part of each Director's duties and responsibilities.

OBJECTIVE

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company.

In pursuit of the ideals in this Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices locally and internationally.

3. THE BOARD

3.1. Role

- 3.1.1. The Board is responsible for the overall corporate governance of the Lii Hen Group, its strategic direction, establishing goals for management and monitoring the achievement of these goals. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.
- 3.1.2. The Board understands that the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles and best practices stated in the MCGG. The Board includes a narrative statement in its Company's Annual Report on the extent of compliance with the principles and best practices in Corporate Governance pursuant to Paragraph 15.25 of the Listing Requirements of Bursa Securities.
- 3.1.3. The Company complies with the various guidelines issued by Bursa Securities and the Securities Commission relating to disclosure and internal audit functions.

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- 3.1.4. The Board meets every quarter. Additional meetings are convened whenever necessary. Meetings were scheduled at the start of the year to enable Board members to plan their appointment schedule. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility. 3.1.5
- 3.1.5. Duties of the Board include establishing the corporate vision and mission, as well as the philosophy of the Company, setting the aims of the Management and monitoring the performance of the Management. The role of Chairman and Chief Executive Officer (CEO)/Managing Director (MD), are separated and clearly defined, so as to ensure there is a balance of power and authority. The Chairman is responsible for ensuring the effective conduct of the Board, monitoring monthly result so as to meet its corporate goals and objectives. The CEO/MD with the assistance of the Executive Directors, is responsible for the day to day management of the business as well as implementation of Board's policies and decisions. The Independent Non-Executive Directors provide independent judgement to the decision making of the Board and provide an independent check and balance for the Executive Directors. The Independent Non-Executive Directors also ensure all strategies proposed by the Executive Directors are fully deliberated and agreed.
- 3.1.6. The Board assumes the following specific duties:
- a) Establishing and reviewing the strategic direction of the Lii Hen Group;
 - b) Monitoring the implementation of strategic plan by management;
 - c) Overseeing and evaluating the conduct of the Lii Hen Group's businesses;
 - d) Identifying principal risks and ensure that the risks are properly managed;
 - e) Establishing a succession plan for senior management position;
 - f) Developing and implementing an investors relations programme or shareholder communication policy; and
 - g) Reviewing the adequacy and integrity of management information and internal control systems.
- 3.1.7. The Board has established written procedures determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or the Management.
- 3.1.8. The Board reserves full decision-making powers on the following matters:
- a) Conflict of interest issues relating to a substantial shareholder or a Director;
 - b) Material acquisitions and disposition of assets not in the ordinary course of business;
 - c) Investments in Capital projects;
 - d) Authority levels;
 - e) Treasury policies;
 - f) Risk management policies; and
 - g) Key human resource issues.
- 3.1.9. The Board has established a procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense.

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3.2. Composition and Board Balance

- 3.2.1. The Board consists of qualified individuals with wide range of business, financial and legal experiences, backgrounds and perspectives. The mix of skills and experiences is vital in directing and supervising the Lii Hen Group's overall business activities. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.
- 3.2.2. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.
- 3.2.3. Profiles of Board members are included in the Annual Report of the Company.
- 3.2.4. The CEO and the Executive Director(s) are the "Executive" Directors on the Board. However, the views of the Management are represented at meetings of the Board by the presence of senior executives when required.
- 3.2.5. Non-Executive Directors meet as a group at least twice a year without the Executive Directors present. There is a statement in the Annual Report on whether the Non-Executive Directors have met without the Executives Directors being present.
- 3.2.6. The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- 3.2.7. The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subject to objective and impartial consideration by the Board.
- 3.2.8. The views of the Independent Directors should carry significant weight in the Board's decision-making process.
- 3.2.9. The Board may appoint a Senior Independent Director to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the CEO/MD have failed to resolve them. The Senior Independent Director chairs the meetings between the Non-Executive Directors where Executive Directors do not attend.
- 3.2.10. If, on any matter discussed at a Board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.

3.3. Appointments

- 3.3.1. The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- 3.3.2. New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.
- 3.3.3. The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

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- 3.3.4. Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.
- 3.3.5. The Company has adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors on the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.
- 3.3.6. The Company has adopted continuing educational programmes (CEP) to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company. The Board should ensure its members have access to appropriate CEP.
- 3.3.7. In addition to the Mandatory Accredited Programme as required by the Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.
- 3.3.8. The directorships held by any Board member at any one time shall not exceed ten (10) in listed companies and fifteen (15) in non-listed companies. The Chairman should be notified before accepting any new directorship together with an indication of time that will be spent on the new appointment.
- 3.3.9. Executive Directors should not take on more than one (1) non-executive directorship, nor become Chairman of a major Company, and no individual should chair the Board of more than one (1) major Company.

3.4. Re-election

- 3.4.1. In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by shareholders at the next Annual General Meeting immediately after their appointment.
- 3.4.2. The Articles of Association also provides that at least one-third (1/3) of the Board including MD are subject to retirement by rotation and offer themselves for re-election at each Annual General Meeting. In practice, this means that every Director be subject to re-election by rotation at least once every three (3) years.

3.5. Supply of Information

- 3.5.1. The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.
- 3.5.2. The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information

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provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.

3.5.3. The agenda for the Board Meetings, together with detailed reports and proposition papers to be tabled at the Board Meeting are circulated to all Directors in advance prior to the meeting. This will ensure all the Directors are supplied with all necessary information and sufficient time to consider the matters tabled in order to enable them to effectively discharge their duties and responsibilities.

3.5.4. Amongst others, the Board papers include the following:

- a) Quarterly financial report and report on the Company's cash and borrowing positions;
- b) Minutes of meetings of all Committees of the Board;
- c) A current review of the operations of the Company and its subsidiaries;
- d) Reports on Related Party Transactions and Recurrent Related Party Transactions;
- e) Directors' share-dealings, including public shareholdings spread; and
- f) Annual Projected Accounts and Management Plans.

3.5.5. Every Director has access to the advice and services of the Company Secretary and, if deemed necessary, seeks advice from the independent professional advisors and internal/external auditors at the Company's expense. Senior management officers and external advisers may be invited to attend Board Meetings when necessary, to furnish the Board with explanations and comments on the relevant agenda items tabled at the Board Meetings or to provide clarification on issue(s) that may be raised by any Director.

3.5.6. Minutes of every Board Meeting are circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board Meeting.

4. CHAIRMAN AND CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR

The Company aims to ensure a balance of power and authority between the Chairman and the CEO/MD with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and CEO/MD are separated and clearly defined.

4.1. Chairman

4.1.1. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:

- a) leading the Board in setting the values and standards of the Company and in overseeing of management;
- b) ensuring the effective conduct of the Board;
- c) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- d) ensuring the provision of accurate, timely and clear information to Directors;
- e) ensuring effective communication with shareholders and relevant stakeholders;
- f) arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
- g) facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors

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4.1.2. The Chairman, in consultation with the CEO/MD and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.

4.1.3. The Chairman is responsible for managing the business of the Board to ensure that:

- all Directors are properly briefed on issues arising at Board meetings.
- sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.
- the issues discussed are forward looking and concentrates on strategy.

4.1.4. The Chairman ensures that every Board resolution is put to vote and to ensure the will of the majority prevails.

4.1.5. The Chairman ensures that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.

4.1.6. The Chairman will have no casting vote if two (2) Directors form a quorum, or if there are only two (2) Directors competent to vote on the question at issue.

4.2. Chief Executive Officer (CEO)/MANAGING DIRECTOR (MD)

4.2.1. The CEO/MD is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.

4.2.2. The CEO/MD with the assistance of the Executive Directors, is responsible for the day-to-day operation of the Group's business.

4.2.3. The CEO/MD with the assistance of the Executive Directors, implements the policies, strategies and decisions adopted by the Board.

4.2.4. All Board authorities conferred on the Management is delegated through the CEO/MD and this will be considered as the CEO's/MD's authority and accountability as far as the Board is concerned.

4.3. Independent Non-Executive Directors

4.3.1. The Independent Non-Executive Directors provide independent judgement to the decision making of the Board and provide an independent check and balance for the Executive Directors.

4.3.2. The Independent Non-Executive Directors also ensure all strategies proposed by Executive Directors are fully deliberated and agreed.

5. BOARD COMMITTEES

The Board has delegated specific responsibilities to three (3) subcommittees namely Audit, Nomination and Remuneration Committees. These Committees have the authority to examine specific issues and report to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

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- Audit Committee
- Nomination Committee
- Remuneration Committee

Independent and Non-Executive Directors play a leading role in these Committees. Details of the membership and a summary of the terms of reference of each Committee appointed by the Board are published in the Annual Report.

5.1. Audit Committee

5.1.1. The Audit Committee comprises of no fewer than three (3) members, a majority of whom are Independent Directors. All members of the Committee shall be financially literate and at least one of the members of the Committee must fulfill the Paragraph 15.09(1)(c) of the Listing Requirements of Bursa Malaysia.

5.1.2. No alternate Director can be appointed as a member of the Audit Committee. If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

5.1.3. The Audit Committee will elect an Independent Director from amongst them as its Chairman. The Chairman of the Committee should engage on a continuous basis with senior management and the external auditors in order to be kept informed of matters affecting the Company.

5.1.4. The primarily function of the Committee is to assist the Board in fulfilling its responsibilities in establishing and appraising the effectiveness of the sound framework to manage risks that include:

- Determine level of risk tolerance
- Identify, assess and monitor key business
- Articulate and review of internal control system

5.1.5. The Committee also overseas financial reporting in compliance with the applicable financial reporting standards and evaluates the internal and external audit processes and to review the following and report the same to the Board:

a) Internal Audit

- Review and report on the adequacy and effectiveness of the internal audit scope and plan, functions, competency and resources of the internal audit division and that it has necessary authority to carry out its work.
- Review the results of the Lii Hen Group's internal audit procedures and the adequacy of actions taken by the Management based on the reports.
- Review the adequacy and effectiveness of internal control.
- Approve any appointment or termination of staff of the internal department or outsourced consultants of the internal audit function. Provide the resigning staff member or outsourced consultant an opportunity to submit his/their reasons for

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resignation.

- Provide recommendation to the Board for certain tasks of the internal audit functions to be outsourced if no sufficient resources to carry out the function.

b) External Audit

- Review and monitor the suitability of external auditors and make recommendations to the Board on the appointment of external auditors, their remuneration and question of resignation or dismissal.
- Review with the external auditors, the audit plan, the scope of their audits and reports.
- Review majors audit findings and response with Management and external auditors including the status of previous audit recommendations.
- Review the assistance given by the employees of the Lii Hen Group to the external auditors and any difficulties encountered in the course of the audit work.
- Ensure the independence of external auditors throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements

c) Financial Reporting

- Review the quarterly and annual financial statements of the Lii Hen Group and of the Company for recommendation to the Board for approval, focusing particularly on:
 - any changes in or implementation of major accounting policies and practices.
 - significant adjustments and unusual events arising from the audit.
 - the going-concern assumption.
 - compliance with accounting standards, Main Market Listing Requirements of Bursa Securities and other legal requirements.

d) Related Party Transactions

- Review any related party transaction and conflict of interest situation that may arise within the Lii Hen Group and the Company.

e) Allocation of ESOS

- Review the allocation of ESOS, if any, to ensure in compliance with the allocation criteria determined by the ESOS Committee and in accordance with the Bye-Laws of the ESOS.

f) Corporate Disclosure

- Ensure to have an appropriate corporate disclosure policies and procedures which ensure compliance with disclosure requirements of Bursa Securities Listing Requirements.

g) Other Functions

- Consider and examine any other matters as agreed by the Board and the Committee.

5.1.6. The Committee shall meet at least four times in a year, and such additional meetings as the Chairman shall decide in order to fulfill its duties. The agenda for the Committee meetings shall be circulated before each meeting to members of the Committee. Upon request of any of

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its members or the internal or external auditors, the Chairman of the Committee shall convene a meeting of the Committee. The quorum for the Committee meeting shall consist of two members of whom the majority of the members present shall be independent directors.

5.1.7. The head of finance, a representative of internal audit department/outsourced internal audit consultants and a representative of the external auditors shall normally attend meetings. The Committee may invite any person to be in attendance to assist its deliberations. Other Board Members may attend meetings upon the invitation of the Committee. The Committee shall meet with the external auditors without executive board members present at least twice a year.

5.1.8. The Board will review the performance of the Audit Committee once in every three (3) years.

5.2. Nomination Committee

5.2.1. The Nomination Committee comprises exclusively of Non-Executive Directors, a majority of whom must be Independent.

5.2.2. The Nomination Committee will elect an Independent Director from amongst them as its Chairman.

5.2.3. The Nomination Committee's primary responsibilities include:

- a) leading the process for Board and Board Committees appointments and making recommendations to the Board.
- b) assessing the Directors on an on-going basis.
- c) annually reviewing the required skills and core competencies of Non-Executive Directors, including familiarization with the Company's operations.
- d) facilitating Board induction and training of newly appointed Directors.
- e) reviewing Board's succession plans.

5.2.4. Duties

The Nomination Committee will:

- a) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- b) evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment of Director.
- c) carry out an annual review of the effectiveness of the Board as a whole; the committees of the Board and the contribution of each individual director, including independent non-executive directors.
- d) Consider candidates from a wide range of backgrounds and look beyond the "usual suspects".
- e) Give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future.
- f) Regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board to ensure the appropriate Board balance and size and make

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recommendations to the Board with regard to any changes.

- g) Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- h) Make a statement in the annual report about its activities; the process used for appointments and explain if external advice or open advertising has not been used; the membership of the Committee, number of Committee meetings and attendance of members over the course of the year.
- i) Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings.

5.2.5. The Committee will make the following recommendations to the Board:

- As regards plans for succession for Directors and Senior Management to maintain an appropriate balance of skills on the Board;
- As regards the re-appointment of any Non-Executive Director at the conclusion of their specified term of office;
- Concerning the re-election by shareholders of any Director under the retirement by rotation provisions in the Company's articles of association;
- Concerning any matters relating to the continuation in office of any Director at any time; and
- Concerning the appointment of any Director to executive or other office other than to the positions of Chairman and Chief Executive, the recommendation for which would be considered at a meeting of the Board.

5.2.6. In the event that the Board appoints a new Chairman, the Nomination Committee will be guided by the following principles prior to making recommendations to the Board:

- a) That the Senior Independent Director leads the appointment process.
- b) That a systematic evaluation be undertaken to identify the skills and expertise required for the role.
- c) That all short listed candidates be considered with the possibility of obtaining external advice, if necessary.

5.3. Remuneration Committee

5.3.1. The Remuneration Committee comprises wholly or mainly Non-Executive Directors and a majority of the Committee members are appointed from amongst the Independent Non-Executive Directors.

5.3.2. The Remuneration Committee will elect an Independent Non-Executive Director from amongst them as its Chairman.

5.3.3. The Remuneration Committee's primary responsibility includes establishing, reviewing and recommending to the Board the remuneration packages of each individual Executive Director, and the Company Secretary, and to ensure remuneration package of Directors are aligned with business strategy and long term objectives of the Lii Hen Group.

5.3.4. The Remuneration Committee is also responsible for recommending the remuneration for the Senior Management and to ensure that the remuneration should reflect the responsibility and commitment that goes with it.

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6. REMUNERATION LEVELS OF DIRECTORS

- 6.1. The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
- 6.2. The level of remuneration for the CEO/MD and Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.
- 6.3. Non-Executive Directors are entitled to participate in the Company's Employee Share Options Scheme (ESOS), if any, subject to approval at a General Meeting. Non-Executive Directors who participated in the ESOS are prohibited to sell, transfer or assign the shares within one (1) year from the date of offer of such options.
- 6.4. No Director other than the CEO/MD and Executive Directors shall have a service contract with the Company.
- 6.5. A formal independent review of the Directors' remuneration is undertaken no less frequently than once every three (3) years.
- 6.6. There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.

7. FINANCIAL REPORTING

7.1. Transparency

- 7.1.1. The Company aims to present a balanced and understandable assessment of the Lii Hen Group's financial position and prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.
- 7.1.2. The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.
- 7.1.3. The Company's practice is to announce to Bursa Securities its condensed quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.
- 7.1.4. The Auditors' Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.
- 7.1.5. The Board is assisted by the Audit Committee to oversee the Company's financial reporting processes and the quality of its financial reporting.

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7.2. External Auditors

- 7.2.1. The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the external auditors through its Audit Committee.
- 7.2.2. The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors. The Company ensures that the external auditors do not supply a substantial volume of non-audit services to the Company.
- 7.2.3. Appointment of the external auditors is subject to approval of shareholders at Annual General Meetings (AGM). The external auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

7.3. Internal Controls and Risk Management

- 7.3.1. The Company has a well-resourced internal audit function, which critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The outsourced internal audit consultants have direct access to the Board through the Chairman of the Audit Committee
- 7.3.2. The Board ensures the system of internal controls is reviewed on a regular basis.
- 7.3.3. The Audit Committee receives reports regarding the outcome of such reviews on a regular basis.

8. GENERAL MEETINGS

8.1. Annual General Meeting

- 8.1.1. The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.
- 8.1.2. The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders and to encourage to adopt electronic voting.
- 8.1.3. The Chairman encourages active participation by the shareholders during the AGM.
- 8.1.4. The Chairman and, where appropriate, the CEO/MD responds to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.
- 8.1.5. The substantive resolution should be voted by poll and electronic means for poll voting is encouraged.

8.2. Extraordinary General Meeting (EGM)

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8.2.1. The Directors will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

9. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

- 9.1. The Board recognises the importance of timely dissemination of material information to shareholders and other stakeholders to ensure that the shareholders and other stakeholders are well informed of major developments and as such, adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 9.2. The Board ensures the timely release of financial results on a quarterly basis and the issue of Annual Reports, are to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
- 9.3. The Company may conduct dialogues with financial analysts from time to time, if necessary, as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.
- 9.4. A press conference will normally be held after each General Meeting. At this press conference, the Chairman or CEO/MD will give a press release stating the Company's results, their prospects and outline any specific event for notation. All press releases will be vetted by the Corporate Affair Manager to ensure that information that has yet to be released to Bursa Securities is not released to the press.
- 9.5. The Company's website (www.liihenfurniture.com) provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.
- 9.6. The Senior Independent Non-Executive Director and/or Company Secretary are persons appointed to whom concerns relating to the Company may be conveyed.

10. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognises that no company can exist by maximizing shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

10.1 Employees

- 10.3.1. The Directors will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.
- 10.3.2. The Lii Hen Group adopts comprehensive and documented policies and procedures with respect to the following:
- a) Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and
 - b) Industrial relations with the objective of managing employees' welfare and well-being in the workplace.

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10.2 Environment

- 10.2.1. The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.
- 10.2.2. The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.
- 10.2.3. The Company supports initiatives on environmental issues.

10.3 Social Responsibility

- 10.3.1. The Board acknowledges its social responsibility as a good corporate citizen in contributing to society and country's development.
- 10.3.2. The Company adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services.
- 10.3.3. The Company supports charitable causes and initiatives on community development projects.
- 10.3.4. The Lii Hen Group is to set up the Safety & Health Committee to take charge of maintaining a safe and healthy working environment for all its employees.
- 10.3.5. The Lii Hen Group believes in continuing education and personal improvement, hence, to provide internal and external training and development for employees.

11. COMPANY SECRETARY

- 11.1. The Board recognises the importance of timely dissemination of material information to The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- 11.2. The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
- 11.3. The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- 11.4. The Company Secretary should advise Directors of their obligations to adhere to matters relating to:
 - a) disclosure of interest in securities
 - b) disclosure of any conflict of interest in a transaction involving the Company
 - c) prohibition on dealing in securities
 - d) restrictions on disclosure of price-sensitive information
- 11.5. The Company Secretary must keep abreast of, and inform, the Board of current governance practices.
- 11.6. The Board members have unlimited access to the professional advice and services of the

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Company Secretary.

12. APPLICATION

12.1. The principles set out in this Charter are:

- a) kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities;
- b) applied in practice having regard to their spirit and general principles rather than to the letter alone; and
- c) summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.

12.2. The Board endeavours to comply at all times with the principles and practices set out in this Charter.

12.3. Any updates to the principles and practices set out in this Charter will be made available on the Company's website.