statement of corporate Governance

The Board of Directors ('the Board') of LLCB is committed to the principles and best practices in corporate governance in line with the Malaysian Code on Corporate Governance ('Code') issued by the Finance Committee.

The Board supports high standards of corporate governance and ensures that good corporate governance is being practised throughout the LLCB Group.

The objective of this commitment is part of the on-going efforts by the Board to protect and enhance shareholders' value and the financial performance of the LLCB Group.

THE BOARD OF DIRECTORS

(i) The Board

The Board leads and controls the LLCB Group and assumes the responsibility of reviewing and deciding on, inter alia, strategic, financial, operational, internal control, business, compliance and corporate governance issues.

The Directors are experienced professionals with a wide range of experience in fields such as engineering, business, legal, finance and accounting which are important and relevant to lead the LLCB Group and to the successful management of the LLCB Group's business activities.

During the financial year ended 31 December 2001, seven(7) Board meetings were held. The attendance record of the Directors are set out under the Profile of the Board members in the Annual Report.

The Board has set up an Audit Committee, Nomination Committee and Remuneration Committee, all of which have terms of reference to govern their responsibilities. All Board Committees report to the Board.

(ii) Board Balance

The Board currently has 8 members, comprising three (3) Independent Non-Executive Directors, four (4) Non-Independent Non-Executive Directors and one (1) Managing Director. The Chairman is a Non-Independent Non-Executive Director. The profile of the members of the Board are provided in the Annual Report.

In June 2001, the Board's composition in respect of the ratio of Independent Directors was changed by the increase in the number of Independent Directors from 2 to 3 to comply with the Kuala Lumpur Stock Exchange Listing Requirements as well as the Code that require a minimum of one third of the Board to be Independent Directors.

The roles of the Chairman and Managing Director are distinct and separate to ensure a proper balance of power and authority. The Chairman provides overall leadership to the Board and is responsible for ensuring Board effectiveness and conduct. The Managing Director is generally responsible over the operating units, organisational effectiveness and implementing Board policies and decisions.

The Independent Non-Executive Directors play a significant role in Board decision. They are free from any business or other relationship that could materially or adversely interfere with the exercise of their judgement and are individuals with the ability to exercise independent judgement.

(iii) Appointments to the Board

The Nomination Committee was established on 15 November 2001 and comprised exclusively of Non-Executive Directors, a majority of whom are independent. The members of the Nomination Committee are as follows:-

Datuk Abdul Rashid Bin Abdul Manaff++ ***(Chairman)***
Danny Ng Siew L'Leong*
O Wai Tiong*
Yong Weng Fai*

++ ***Non-Independent Non-Executive Director***
* ***Independent Non-Executive Director***

One of the objectives of the Nomination Committee is to ensure that the Directors of the Board bring characteristics to the Board, which provide a required mix of responsibilities, skills and experience. The Nomination Committee will also assist the Board in reviewing on an annual basis the appropriate balance and size of Non-Executive participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and contribution of each individual Director and Board Committee member. The Nomination Committee recommends to the Board suitable candidates for appointment as Directors and Board Committee members.

(iv) Supply of and access to information and advice

All Board members are provided with a Board report containing relevant information and documents to enable the Directors to review the agenda items to be discussed at Board meetings and discharge their duties effectively.

The Directors have access to all information within the Company and to the advice and services of the Company Secretary, who is responsible for ensuring that the Board meeting procedures, applicable rules and regulations are adhered to.

Where necessary, the Directors may obtain independent professional advice in the furtherance of their duties, at the LLCB Group's expense.

(v) Re-election

In accordance with the Company's Articles of Association, all Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election. Newly appointed Directors shall hold office until the next following annual general meeting and shall then be eligible for re-election.

Directors over 70 years of age are required to submit themselves for re-appointment at every Annual General Meeting in accordance with Section 129(6) of the Companies Act, 1965.

DIRECTORS' REMUNERATION

(i) Level and mark up

The objective of the Company is to attract and retain the Directors needed to run the LLCB Group successfully. In the case of Executive Directors, their remuneration package will be linked to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration is intended to reflect their experience and level of responsibilities.

(ii) Procedure

The Remuneration Committee was established on 15 November 2001. The following are members of the Remuneration Committee:-

Datuk Abdul Rashid Bin Abdul Manaff++ ***(Chairman)***
Loh Kim Kah#
Danny Ng Siew L'Leong*
O Wai Tiong*
Yong Weng Fai*

++ Non-Independent Non-Executive Director
# Managing Director
* Independent Non-Executive Director

One of the objectives of the Remuneration Committee is to set up the policy framework and to make recommendations to the Board on all elements of the remuneration, terms of employment, reward structure and fringe benefits for Managing Directors, Executive Directors, the Chief Executive Officers and other selected top management positions with the aim to attract, retain and motivate individuals of the highest quality.

The remuneration and entitlements of the Non-Executive Directors including the Non-Executive Chairman shall be a matter to be decided by the Board of Directors as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

The Directors fees are subject to the approval of the shareholders of the Company at Annual General Meetings.

(iii)Disclosure

The details of the remuneration of Directors of the Company comprising remuneration received from the Company and its subsidiary companies during the financial year ended 31 December 2001 are as follows:-

a) Aggregate remuneration of Directors who served during the financial year categorised into appropriate components:-

Category (RM'000)	Basic salary	Fees	Bonus	EPF	Benefits in kind	Total
From the Company						
Executive Director	0	96	0	0	0	96
Non-Executive Director	0	393	0	0	0	393
From subsidiary companies						
Executive Director	333	0	58	47	25	463
Non-Executive Director	600	234	104	84	47	1069

b) Number of Directors who served during the financial year whose remuneration falls in each successive band of RM50,000:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	3
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	1
RM300,001 to RM350,000	-	-
RM350,001 to RM400,000	-	-
RM400,001 to RM450,000	-	1
RM450,001 to RM500,000	-	-
RM500,001 to RM550,000	-	-
RM550,001 to RM600,000	1	-
RM600,001 to RM650,000	-	1

SHAREHOLDERS

(i) Dialogue between the Company and investors and Annual General Meetings

The Board recognises the importance of an effective communication channel between the Board, shareholders and the general public.

The annual report, press releases, quarterly results and any announcements on material corporate exercise are the primary modes of disseminating information on the

LLCB Group's business activities and financial performance.

The Annual General Meeting represents the principal forum for dialogue and interaction with shareholders. At every meeting, the Board sets out the progress and performance of the LLCB Group since the last meeting held. Shareholders are encouraged to participate in the question and answer session wherein Directors, as well as the LLCB Group's Auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder.

Each item of special business included in the notice of meeting will be accompanied by a full explanation of the effects of a proposed resolution.

In addition, the LLCB Group maintains a website at www.loh-loh.com for shareholders and the public to access information on the LLCB Group.

ACCOUNTABILITY AND AUDIT

(i) Audit Committee

The Audit Committee was established on 10 January 1997. The composition of the Audit Committee, activities and terms of reference are set out in the Annual Report under the Audit Committee Report.

(ii) Financial Reporting

The Board aims to present a clear, balanced and understandable assessment of the LLCB Group's position and prospects in its presentation of the annual financial statements and quarterly announcements of its results.

The Board is responsible for ensuring the proper maintenance of accounting records of the LLCB Group. The Audit Committee reviews the financial statements of the Company and the LLCB Group with the assistance of the external auditors where necessary and recommends the same for consideration and approval by the Board.

(iii) Internal Control

The Board has overall responsibility for maintaining a system of internal control that aims to safeguard shareholders' investment and the LLCB Group's assets. A risk management system is being reviewed and enhanced to assist the Board in its decision making concerning the LLCB Group's exposure to risks, and the impact on the business and operations. However, the system is designed to manage rather than eliminate the risk of failure and can only provide reasonable assurance against material misstatement or loss.

The LLCB Group's Internal Audit provides independent and objective reports on the LLCB Group's management, records and controls to the Audit Committee. Internal Audits include evaluation of the processes by which risks are identified, assessed and managed and ensure that controls which are instituted are appropriate and can effectively address acceptable risk exposure. The Internal Audit also ensures the recommendations to improve controls are followed through by the Management.