

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0025
COMPANY NAME : LNG RESOURCES BERHAD
FINANCIAL YEAR : March 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the oversight and overall management of the Company. To ensure the effective discharge of its function and responsibilities, the Board established an internal governance model for delegating of specific powers of the Board to the relevant Board Committees, the Managing Director and the Senior Management of the Company and respective subsidiaries. Key matters reserved for the Board's approval including but not limited to the Group's annual budget, dividend pay out proposal, business plan, issuance of new securities, business restructuring, expenditure above certain limit and disposal of significant property, plant and equipment and acquisition or disposal of companies within the Group.</p> <p>The Board assumes the following core responsibilities:-</p> <ul style="list-style-type: none">• <i>Reviewing and adopting strategic plans for the Group</i> <p>The Group has adopted top-down strategic planning process whereby the Executive Directors will formulate the Group's strategy and communicate it down to the organisation for implementation. Annually, the Management will present to the Board the Group's business plans and annual budget (including capital expenditures) for the following year. The Board in February 2018 has reviewed and considered the Group's business plans and annual budget for 2019.</p> <p>The execution of the business plans and annual budget are reported to the Board every half yearly. In November 2017, the Board conducted a half year review of the 2018 business plans and budget where the performance target were compared against actual performance for the period to date.</p>

- *Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed*

The Executive Directors are responsible for the day-to-day management of the business and operations of the Group. The Group's performance and key focus areas are reviewed every month by the Executive Directors at management meetings together with Senior Management of the respective companies. During quarterly meetings, the Executive Directors brief the Board on key developments and changes of the Group's business. The Board will also invite Senior Management to attend meetings for reporting on major issues relating to their respective responsibility.

- *Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks*

The Board oversees the Enterprise Risk Management framework of the Group and monitors the Group's risk profile with the assistance from its Risk Management Committee ("RMC"). The RMC comprising the Executive Directors and Senior Management vide its quarterly meeting will continue to assess to Group's risk exposure and implementation of appropriate actions to manage the risks. The RMC presents the RMC Report to the AC and Board every half yearly and advises the AC and the Board on areas of high risk and the adequacy of compliance and control procedures throughout the organisation.

The Company also outsourced its internal audit function to an independent professional firm. The internal auditors will provide additional independent review on the state of risk management and internal control of the Group and report to Audit Committee ("AC") every quarter. The AC reviews, deliberates and decides on the next course of action and evaluates the effectiveness and efficiency of the risk management and internal control systems in the organisation.

- *Succession planning*

Succession planning is a critical element in preventing business disruptions and promoting operational sustainability. The Nominating committee is entrusted by the Board to review and recommend potential candidates have sufficient experience and are the right fit for the Company when the need arise. Succession plans for key management positions are in place and continue to be monitored by the Human Resource department of the Group.

	<ul style="list-style-type: none"> • <i>Developing and implementing an investor relation programme or shareholder communication policy for the Company</i> <p>As part of the implementation of investor relation programme, the Board has identify the relevant personnel in handling investor relation related matter in the Group and their contacts are as published at the Company's website at http://www.lng-res.com. Besides, shareholders or investors may conveyed any concern/grievances to the Independent Directors of the Company accordingly. During the financial year, the Company communicated material news on the Company to its shareholders vide release of public announcement.</p> <ul style="list-style-type: none"> • <i>Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines with the assistance from the Internal Auditors, External Auditors and Company Secretaries.</i>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Chairman of the Board have been specified in the Board Charter, which is available on LNG Resources Berhad's ("LNGRES's") website at http://www.lng-res.com. The Chairman is responsible for the Board's effectiveness and conduct. He also takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretaries and Management. The Chairman promotes an open environment for debate and ensures effective contributions from Non-Executive Directors. He also exercises control over the quality, quantity and timeliness of information flow between the Board and Management. At a general meeting, the Chairman plays a role in fostering constructive dialogue between shareholders, Board and Management.</p> <p>The Executive Directors are in charge of the day-to-day operations of the business, making strategic business decision and implementing Board policies.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The distinct and separate roles and responsibilities of the Chairman and CEO are provided in the Board Charter, which is available on LNGRES's website at http://www.lng-res.com. Their roles are separated and clearly defined to ensure a balance of power and authority.</p> <p>The position of Chairman and CEO are held by different individuals. The Chairman, YBhg Dato' (Dr) Pahamin Ab Rajab is responsible for the Board's effectiveness and conduct. He also takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretaries and Management. The Chairman promotes an open environment for debate and ensures effective contributions from Non-Executive Directors. He also exercises control over the quality, quantity and timeliness of information flow between the Board and Management. At a general meeting, the Chairman plays a role in fostering constructive dialogue between shareholders, Board and Management.</p> <p>The CEO, Mr Yong Chan Cheah, is the Managing Director of the Group. He is in charge of the day-to-day operations of the business, making strategic business decision and implementing Board policies.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>Both Company Secretaries of the Company have legal credentials, and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board by ensuring that all Board meetings are properly conducted and deliberations at the Board and Board Committee meetings are well captured and recorded. The Company Secretaries also keep the Board updated on changes in the Listing Requirements and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretaries keep abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through continuous training.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	Generally, the meeting papers for the Board of Directors' Meeting and/or respective committee meetings are circulated at least 7 days prior to the Meetings. Upon conclusion of the meetings, the minutes are circulated to the Directors within one month.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter serves as a primary reference for Board members of their fiduciary duties as directors of the Group and the functions of the Board Committees as well as the Boards of the respective subsidiary companies within the Group. It sets out amongst other things, the key values, principles and ethos of the Company.</p> <p>The Board will review the Board Charter at least once a year to make it up-to-date and consistent with the Board's objectives and responsibilities as well as the governance model of Group. The Board Charter is available on LNGRES's website at http://www.lng-res.com. The Board Charter has reviewed and update its Board Charter on 6 July 2017 and 5 July 2018 respectively for the purpose of clarity and consistency with the Malaysian Code on Corporate Governance.</p> <p>The roles and responsibilities of the Board of Directors, Board Committees, Chairman and Executive Directors as well as issues and decisions reserved for the Board are clearly outlined in the Board Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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 principle of the Company's Codes of Ethics for Directors is based on principles in relation to sincerity, integrity, responsibility and corporate social responsibility. The Code of Ethics is formulated to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:-</p> <ul style="list-style-type: none">• To establish a standard of ethical behaviour for directors based on trustworthiness and values that can be accepted, are held or upheld by any one person.• To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering the Group. <p>The Code of Ethics for Directors of the Group is available at the Company's website at http://www.lng-res.com.</p> <p>The Code of Ethics for employees promotes integrity and ethical conduct in all aspects of the Group's operations, including but not limited to privacy and confidentiality of information. It also sets out prohibited activities or misconduct such as accepting gifts, bribes and dishonest behaviour.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Whistleblower Policy and Procedures ("WPP") fosters an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Group may be exposed. The Board has overall responsibility to oversee the implementation of the WPP and all whistle-blowing reports are to be addressed to the respective personnel as assigned pursuant to the Group's WPP. This mechanism will allow the stakeholders of LNGRES to report concerns about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group and about business improvement opportunities.</p> <p>The Company did not receive any such report for the financial year ended 31 March 2018 (FY2018).</p> <p>The detailed WPP of LNGRES is available at its corporate website at http://www.lng-res.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board currently has six (6) members comprising a Non-Independent Non-Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors (INED). This composition complies with Rule 15.02 of the ACE LR whereby the Company must have at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, who are Independent Directors.</p> <p>All the INED had upon their appointment, gave to the Company a letter of confirmation as Independent Director as defined under Rule 1.01 of the ACE LR.</p> <p>During the financial year, the Board was led by YBhg Dato' (Dr) Pahamin Ab Rajab, a Non-Independent Non-Executive Chairman. The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Company's current needs and requirements.</p> <p>On 24 May 2018, an assessment of the effectiveness of the Board, respective Board Committee and Independence ("the Assessment") were carried out in respect of the FY2018. The NC played an important role to assist the Board in assessing the independence of Non-Executive Directors of the Company. Based on the Assessment conducted by the NC, the Board is generally satisfied with the level of independence demonstrated by all the Independent Directors of the Company and their ability to act in the best interest of the Group.</p> <p>The NC develops the criteria to assess independence of Independent Director, include but not limited to directors' background, family relationships, interest of shareholdings in the Company and related party transactions with the Group (if any).</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

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

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application :	Applied																																																																						
Explanation on application of the practice :	<p>All candidates for appointment of directors are first considered by the NC, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to well manage the business, with the aim to meet the current and future needs of the Board composition. The NC also evaluates the candidates' character and ability to commit sufficient time to the Group. Other factors considered for appointment of Independent Director will include the level of independence of the candidate.</p> <p>The NC has also established a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole. The criteria for assessment of Directors shall include attendance record, intensity of participation at meetings, quality of interventions and special contributions.</p> <p>The skillsets and diversity of the existing Board are summarized as follows:-</p> <table border="1"> <thead> <tr> <th rowspan="2">Directors</th> <th rowspan="2">Nationality</th> <th rowspan="2">Designation</th> <th colspan="7">Industry / Background Experience</th> </tr> <tr> <th>Technology</th> <th>Marketing</th> <th>Industrial</th> <th>Corporate</th> <th>Accounting / Finance</th> <th>Internal Audit</th> <th>Law / Legal</th> </tr> </thead> <tbody> <tr> <td>YBhg Dato' (Dr) Pahamin Ab Rajab</td> <td>Malaysian</td> <td>Chairman/ Non-Independent Non-Executive Director</td> <td></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td>√</td> </tr> <tr> <td>Yong Chan Cheah</td> <td>Malaysian</td> <td>Managing Director</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>Yong Swee Chuan</td> <td>Malaysian</td> <td>Executive Director</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Low Hee Chung</td> <td>Malaysian</td> <td>Independent Non-Executive Director</td> <td></td> <td></td> <td></td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> </tbody> </table>										Directors	Nationality	Designation	Industry / Background Experience							Technology	Marketing	Industrial	Corporate	Accounting / Finance	Internal Audit	Law / Legal	YBhg Dato' (Dr) Pahamin Ab Rajab	Malaysian	Chairman/ Non-Independent Non-Executive Director		√	√	√	√			√	Yong Chan Cheah	Malaysian	Managing Director	√	√	√	√	√	√			Yong Swee Chuan	Malaysian	Executive Director	√	√	√		√				Low Hee Chung	Malaysian	Independent Non-Executive Director				√	√	√		
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Low Hee Chung	Malaysian	Independent Non-Executive Director				√	√	√																																																															

Gor Siew Yeng	Malaysian	Independent Non-Executive Director				√		√	√
Chuah Poay Ngee	Malaysian	Independent Non-Executive Director	√	√	√	√	√	√	

The diversity in the race/ethnicity (cultural background), nationality, age and gender of the existing Board for FY2018 were as follows:-

	Race/Ethnicity			Nationality	
	Bumiputera	Chinese	Foreign	Malaysian	Foreigner
No. of Directors	1	5	0	6	0

	Age Group (Years)			Gender	
	40 - 49	50 - 49	Above 70	Male	Female
No. of Directors	4	1	1	4	2

The appointment of key senior management was also made with due regard for diversity in skills, experience, age, cultural background and gender. Their detailed particulars are provided on Page 7 of the Annual Report 2018. They are all Malaysians with diversity in the following perspectives as set out in the table:-

Race/Ethnicity			Age Group (Years)	Gender	
Bumiputera	Chinese	Foreign	40 – 49	Male	Female
0	2	0	2	1	1

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 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>Notwithstanding the recommendation of the MCCG, the Company does not practice any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment. The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. The Board is of the view that the appointment of Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender but will nevertheless consider appointing more directors of the female gender where suitable to be in line with the Code's target. Besides, the Board also made progress in broadening the diversity of the Board and Senior Management from time to time.</p> <p>As of the reporting period, two (2) out of six (6) of the Company's directors are female director.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has in place its procedures and criteria for appointment of new directors. It has been a practice to the Company that NC will carry out an interview with the candidates prior to his/her appointment as a director of the Company. All candidates for appointment are first considered by the NC, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to well manage the business, with the aim to meet the current and future needs of the Board composition. The NC also evaluates the candidates' character and ability to commit sufficient time to the Group. Other factors considered for appointment of Independent Director will include the level of independence of the candidate. The Board prioritise the selection of candidate based on skills, experience and personal attributes and strongly believes that the performance of a candidate lies within one's self instead of the recommender/referrer. Accordingly, the Board is open on the channel in sourcing any potential candidate either recommendation from existing Board members/Management or through independent sources.</p> <p>During FY2018, no new director was appointed.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>During the year under review, the NC is chaired by YBhg Dato' (Dr) Pahamin Ab Rajab, who is a Non-Independent Non Executive Director of the Company. The Board is of the opinion that other than his shareholdings in the Company, YBhg Dato' (Dr) Pahamin Ab Rajab has demonstrated that he is independent from the Management and free from business relationship that might interfere with the exercise of independent judgement.</p> <p>There was one (1) meeting held by the NC on 27 May 2017 in respect of FY2018. The activities carried out by the NC during the financial year in discharging its functions are as follows, amongst others:-</p> <ul style="list-style-type: none">• reviewed the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board;• undertaken an assessment of independency of its Independent Directors;• recommended to the Board on those Directors who retire pursuant to Article 81 of the Articles, being eligible, to seek re-election during the forthcoming AGM; and• reviewed the training needs for the Directors. <p>The Terms of Reference of the NC can be viewed on the Company's website at http://www.lng-res.com.</p>
		Alternative Practice: Nil
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not applicable

Timeframe	:	Others	Not applicable
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Intended Outcome

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

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application :	Applied														
Explanation on application of the practice :	<p>On 24 May 2018, an assessment of the effectiveness of the Board, respective Board Committee and Independence (“the Assessment”) were carried out in respect of the FY2018. Appraisal form which comprising quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee, were being circulated at the NC meeting for assessment. The NC reviewed the required mix of skills, experience and other qualities of the Board and Board Committee and agreed that it has the necessary mix of skill, experience and other qualities to serve effectively.</p> <p>The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. The attendance record of the Directors for the FY2018 was satisfactory. The number of Board meetings attended by the respective Directors are as follows:-</p> <table border="1"><thead><tr><th colspan="2">Meeting Attendance</th></tr></thead><tbody><tr><td>YBhg Dato’ (Dr) Pahamin Ab Rajab</td><td>5/5</td></tr><tr><td>Yong Chan Cheah</td><td>5/5</td></tr><tr><td>Yong Swee Chuan</td><td>5/5</td></tr><tr><td>Low Hee Chung</td><td>5/5</td></tr><tr><td>Gor Siew Yeng</td><td>5/5</td></tr><tr><td>Chuah Poay Ngee</td><td>5/5</td></tr></tbody></table> <p>All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meeting as stipulated in the ACE LR. In the interval between Board Meetings, for any matters requiring Board’s decisions, the Board’s approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted at the next Board Meeting.</p>	Meeting Attendance		YBhg Dato’ (Dr) Pahamin Ab Rajab	5/5	Yong Chan Cheah	5/5	Yong Swee Chuan	5/5	Low Hee Chung	5/5	Gor Siew Yeng	5/5	Chuah Poay Ngee	5/5
Meeting Attendance															
YBhg Dato’ (Dr) Pahamin Ab Rajab	5/5														
Yong Chan Cheah	5/5														
Yong Swee Chuan	5/5														
Low Hee Chung	5/5														
Gor Siew Yeng	5/5														
Chuah Poay Ngee	5/5														

The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments.

The details of trainings attended by the Directors during the FY 2018 are as follows:-

Director	Date	Description
YBhg Dato' (Dr) Pahamin Ab Rajab	20 November 2017 ½ Day	Hands-on Programme for Entrepreneurship (HOPE)
Yong Chan Cheah	28, 29 & 30 June 2017 3 Days	2017 Sensors Expo and Conference
	12 July 2017 1 Day	Matrade – SEMICON Technology Development
	3 August 2017 ½ Day	3 Steps to Becoming the New Digital CFO
	15 August 2017 1 Day	Palo Alto Research Center (PARC) – New Manufacturing Technology - Machining
	30 September 2017 1 Day	Effective Supervisory and Leadership Skills
	3 October 2017 ½ Day	Enterprise Risk Management Briefing
Yong Swee Chuan	3 October 2017 ½ Day	Enterprise Risk Management Briefing
	17 January 2018 1 Day	ISO 9001:2015 Quality Management System (QMS) Awareness
	31 January 2018 1 Day	ISO 14001:2015 Environment Management System (EMS) Awareness
Low Hee Chung	7 November 2017 1 Day	2018 Budget Proposal
	28 March 2018 ½ Day	SAGE UBS Seminar – GST Tax Code
Gor Siew Yeng	6 & 7 April 2017 2 Days	Workshop on Companies Act, 2016
	17 November 2017 1 Day	Seminar on Budget 2018 + GST

	Chuah Poay Ngee	3 August 2017 1 Day	Financial Integrity & Performance
		9 September 2017 ½ Day	Advocacy Session on Corporate Disclosure for Directors & Principal Officer for Listed Issuer
		4 & 5 October 2017 2 Days	9th International Conference on Financial Crime & Terrorism Financing 2017
Explanation for departure :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure :			
Timeframe :			

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The RC is responsible for recommending to the Board on the remuneration framework as well as the remuneration package of Executive Directors to ensure that rewards commensurate with their contributions to the Group's growth and profitability in order to align the interest of the Directors with those of the shareholders. The Committee also ensures the level of remuneration for Non-Executive Directors and Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.</p> <p>The Company's remuneration policy for Directors is formulated to attract and retain individuals of the necessary calibre needed to run the business of the Group successfully. The remuneration is structured to link experience, expertise and level of responsibility undertaken by the Directors. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration.</p> <p>The current remuneration policy of the Group is summarised as follows:-</p> <ul style="list-style-type: none">a) The Directors' salary for Executive Directors are set at a competitive level for similar roles within comparable markets, reflect the performance of the director, skills and experience as well as responsibility undertaken.b) Directors' fees are based on a standard fixed fee and are subject to approval by its shareholders at the AGM.c) Meeting Allowance – All the Directors are entitled to a fixed amount of allowance paid in accordance with the number of meeting

	<p>attended during the year and subject to approval by its shareholders at the AGM.</p> <p>d) Benefits-in-kind – only Executive Directors of the Group are entitled to benefits-in-kind except ESOS provided by the Group.</p> <p>e) The RC may obtain independent professional advice in formulating the remuneration package of its Directors.</p> <p>For Senior Management and employees, the Executive Committee reviews the annual salary increments and bonuses to ensure that the compensation offered is in line with the market practice and to remain competitive for talent attraction and retention.</p> <p>The ESOS Committee was formed in accordance with the By-Laws of ESOS and is responsible for approving the employees share grants for each financial year, if any.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>During the FY2018, the composition of the RC consists of four (4) members of the Board, majority of whom are Independent Non-Executive Directors.</p> <p>The NC took note that following the introduction of MCGG the RC should only consist of non-executive directors and a majority of them must be independent Directors. Moving forward, the NC shall assess and review the composition of RC accordingly.</p> <p>In view of the above, the NC has on 24 May 2018 reviewed the composition of RC and recommended the resignation of Mr. Yong Chan Cheah as a member of the RC. The recommendation has approved by the Board at the meeting held later on the same day.</p> <p>The terms of reference of the RC are available at the Company's website at http://www.lng-res.com.</p> <p>The Board is satisfied that the RC has effectively and efficiently discharged its roles and responsibilities with respect to its remuneration functions, which include amongst others, reviews of the remuneration policies for Executive Directors, Non Executive Directors and CEO/Managing Director.</p> <p><u>Directors' Fee</u></p> <p>The payment of Directors' Fee of up to RM291,500 for the period 1 January 2017 until the next Annual General Meeting ("AGM") was approved by the shareholders at the 15th AGM held on 24 August 2017.</p>

	<p><u>Directors' Benefits (excluding Directors' Fee)</u></p> <p>The benefits payable to the Directors comprise the meeting allowance. At the 15th AGM, approval was given for the payment of the benefits up to RM31,500 to the Directors of the Company from 1 January 2017 until the next AGM of the Company.</p> <p><u>Executive Directors</u></p> <p>The Executive Directors/CEO's remuneration are set at a competitive level for similar roles within comparable markets, reflect the performance of the director, skills and experience as well as responsibility undertaken.</p> <p><u>Employees</u></p> <p>In January 2018 the Executive Committee reviewed the annual salary increments and bonuses to ensure that the compensation offered is in line with the market practice and to remain competitive for talent attraction and retention.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

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

Application :	Applied					
Explanation on application of the practice :	Details of Directors' remuneration for the FY2018 are as follows:					
	Name of Directors	Fees (RM)	Salaries, Bonuses, EPF & Other Emoluments (RM)	Allowances (RM)	Benefits-in-kind (RM)	Total (RM)
	Non-Executive					
	YBhg Dato' (Dr) Pahamin Ab Rajab	69,250	-	3,750	-	73,000
	Low Hee Chung	41,000	-	3,750	-	44,750
	Gor Siew Yeng	37,500	-	2,500	-	40,000
	Chuah Poay Ngee	21,000	-	2,500	-	23,500
	Executive					
	Yong Chan Cheah	-	99,854	2,500	-	102,354
	Yong Swee Chuan	-	69,060	2,500	-	71,560
	Received/receivable from the Company	168,750	168,914	17,500	-	355,164
			Salaries, Bonuses, EPF & Other Emoluments			

	Name of Directors	Fees (RM)	(RM)	Allowances (RM)	Benefits- in-kind (RM)	Total (RM)
	Non-Executive					
	YBhg Dato' (Dr) Pahamin Ab Rajab	-	-	-		-
	Low Hee Chung	-	-	-		-
	Gor Siew Yeng	-	-	-		-
	Chuah Poay Ngee	-	-	-		-
	Executive					
	Yong Chan Cheah	-	671,323	-	125,827	797,150
	Yong Swee Chuan	-	730,043	-	-	730,043
	Received/receivable from the subsidiary companies	-	1,401,366	-	125,827	1,527,193
	Total Group	168,750	1,570,280	17,500	125,827	1,882,357
Explanation :						
for departure						
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>						
Measure :						
Timeframe :						

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>Details of the remuneration of the top 5 senior management are not disclosed on a named basis as the Board is of the view that the transparency and accountability aspects on disclosure of the remuneration. It is commercially disadvantageous to reveal the remuneration of the top senior management in this very competitive environment.</p> <p>The current number of senior management is insignificant in FY2018.</p> <p>The remuneration of Key Senior Management is based on their skill, experience and their KPI as set out. The detailed remuneration disclosure may expose the key personnel to competitor.</p> <p>Alternative Practice: The Company opted out of the recommendation mainly due to the sensitivity and privacy of the information.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	This composition of AC meets the requirements of Rule 15.09(1)(a) and (b) of the ACE LR. Mr. Low Hee Chung, the Chairman of the Audit Committee is a Member of the Malaysian Institute of Accountant as well as a Fellow of the Association of Chartered Certified Accountants. Accordingly, the Company complies with Rule 15.09(1)(c)(i) of the ACE LR.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company recognised the need to uphold independence. None of the members of the Audit Committee or the Board were former key audit partners within the cooling-off period of two (2) years.</p> <p>The Company will take steps to incorporate such practice into the ToR of AC, going forward.</p> <p>In view of this, the Board has on 5 July 2018 adopted the policy that requires a former key audit partner to observe a cooling-off period of at least two financial year ends before being appointed as a member of the AC.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>On 26 February 2018, the External Auditors, Messrs. PricewaterhouseCoopers ("PwC") tabled the Audit Planning Memorandum prior to the commencement of the audit of the financial statements for FY2018, more particularly as below:-</p> <ul style="list-style-type: none">• Audit Approach, Roles and Responsibilities;• Areas of Audit Emphasis;• Developments in laws and regulations;• Malaysian Accounting Standards Board Pronouncements;• Engagement Team;• Proposed Fee;• Audit Timetable; and• Terms of Engagement for review of the Directors' Statement on Risk Management and Internal Control. <p>Besides, further to the briefing by the External Auditors, the Committee took note on the key amendments of the Listing Requirements and key changes in the financial reporting standards and updates which are applicable to the Group.</p> <p>The AC has also obtained confirmation from the External Auditors that Messrs. PwC have maintained its independence in accordance with Messrs. PwC's requirements and with the provision of the By-Laws on Professional Independence of the Malaysian Institute of Accountants (MIA), they are not aware of any cause that in their professional judgement, may be thought to impair their independence.</p> <p>The AC undertakes an assessment of the suitability, objectivity and independence of the external auditors considering the factors which include adequacy of experience and resources of the firm and the professional staff assigned to the audit, independence and the level of non-audit services to be rendered by the external auditors to the Company, etc.</p> <p>The Board maintains a transparent relationship with external auditors. Members of the AC meet the external auditors at least twice a year without</p>

	<p>the presence of the executive Board members to discuss the results and concerns arising from their audit. During the FY2018, three (3) discussion sessions between the AC and the external auditors were held on 25 May 2017, 6 July 2017 and 26 February 2018 without the presence of the executive Board members.</p> <p>Subsequent to the financial year ended 31 March 2018, an invitation was send out to various audit firms inviting proposals from the interested firms for the engagement as Auditors of the Company for the ensuing year. On 5 July 2018, the AC has carried interviews with two (2) interest audit firms. After considering the following factors, the Committee recommended to the Board the proposed appointment of Messrs. Crowe Malaysia in place of the retiring Auditors of the Group:-</p> <ul style="list-style-type: none"> • Firm’s reputation and qualifications of its professionals, including the breadth and depth of resources, expertise and experience of the team members; • Networking ability and competency to address audit of overseas subsidiaries; • Independence of the firm; • The indicative audit fees quoted are believed to be more cost-effective to the Group as compared to the retiring Auditors as well as the audit firms with the similar ranking in the audit industry. <p>On 5 July 2018, the Board has adopted the Policy for the Assessment of the Suitability and Independence of External Auditors. Accordingly, the Committee has established an Assessment Questionnaires. The areas assessed were (i) calibre; (ii) quality processes / performance; (iii) audit team; (iv) independence and objectivity; (v) audit scope and planning; (vi) audit fees; and (vii) audit communication.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Applied
Explanation on adoption of the practice	:	The AC comprised solely of Independent Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Committee effectiveness evaluation.</p> <p>The AC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>The Chairman and members of the AC are financially literate.</p> <p>Based on the outcome of the AC effectiveness assessment of the Board Effectiveness Evaluation 2018, the Board was satisfied with the AC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC and have carried out their duties in accordance with the ToR of the AC. The AC was involved in the following:-</p> <p><u>Financial Reporting</u></p> <p>In overseeing the Company's financial reporting, the AC reviewed the following prior to recommending them for approval by the Board and issuance to the shareholders:-</p> <ul style="list-style-type: none">• the quarterly financial statements• the annual financial statements with the presence of the external auditors <p>(a) The Managing Director/Senior Management provided assurance to the AC on a quarterly basis that appropriate accounting policies had</p>

	<p>been adopted and applied consistently; that the going concern basis applied in the Annual Financial Statements and Condensed Consolidated Financial Statements was appropriate; that prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs; that adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs, IASs and ACE LR; and that the Annual Financial Statements and quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for 2018.</p> <p>(b) The External Auditors, also confirmed to the AC that it has complied with the ethical requirements regarding independence, with respect to the audit of the Group in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants; has not, up to the date of the Annual Report, identified any significant accounting and audit issues during the course of audit.</p> <p>(c) The External Auditors presented their Independent Auditors' Report on the Annual Financial Statements for the financial year ended 31 March 2018 together with the key audit matters.</p> <p><u>Continuous Education</u></p> <p>The AC members were invited to various training programmes to keep abreast of relevant industry developments including accounting and auditing standards, business practices and rules, to address any skills or knowledge gaps according to their needs. The details training attended are disclosed under Practice 5.1 of this CG Report.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>During the FY2018, the AC assessed and of the view that the Enterprise Risk Assessment of the Group should be carry out at least at an interval of 2 years taking into consideration the changes in composition of the Group and inception of new business segments. After reviewing the proposals from various professionals, the AC has engaged BDO Governance Advisory Sdn. Bhd. to perform the Enterprise Risk Assessment for the Group (ERM). The ERM review was completed in November 2017.</p> <p>The Board is committed to the continuous improvement of internal control and risk management practices within the Group to meet its business objectives. The Board affirms its overall responsibility to establish a sound risk management framework and internal control system, and for reviewing the adequacy, integrity and effectiveness of these systems to safeguard shareholders' investment and the Group's assets. It covers not only financial controls but operational and compliance controls, and risk management.</p> <p>However, such systems, by their nature, can only provide reasonable, but not absolute, assurance against hindering the Group achieving its business objectives, material misstatement, loss and fraud. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives of the Group.</p> <p>A formal risk management framework has been established with the aim of setting clear guidelines in relation to the level of risks acceptable to the Group. The framework is also designed to ensure proper management of risks that may impede the achievement of the Group's strategic business objectives.</p> <p>The level of risk tolerance is expressed through the use of a risk impact and likelihood matrix with an established risk tolerance boundary demarcating those risks that are deemed to have "exceeded risk tolerance" and those that have not. Clear risk treatment guidance is in place stipulating the actions to be taken for each type of risk.</p>

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

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board via the RMC oversees the risk management matters of the Group, which include identifying, evaluating, monitoring, treating and mitigating significant risks across the Group. The RMC also assists the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group. The RMC is also responsible for overseeing the compliance and business continuity functions of the Group.</p> <p>The RMC reviews with the AC and recommends for the Board's consideration and approval, the risk management principles, frameworks and policies for managing risks within the Group. The RMC also monitors and assesses the risk appetite and risk tolerance of the Group, so as to safeguard the shareholders' investments and the Group's assets.</p> <p>The Group has an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls at the divisional and enterprise levels. The analysis and evaluation of risks are guided by approved risk criteria. The Group also has risk management tools to support the risk management process and reporting.</p> <p>On 25 May 2017 and 26 February 2018, the RMC reviewed and presented to the AC and Board the risk assessment, summary of action plans and updated risk registers of the Group. The Board at its meeting held considered the residual risk severity of the key risks of the Group and took into consideration the potential impact from any foreseeable future event or situation which could adversely affect the strategic objectives of the Group. The RMC regularly monitors the key risks facing the business in order to stay current on governance practices relating to the risk.</p>

	For more details on this Practice, please refer the Statement on Risk Management and Internal Control of the Annual Report 2018.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has outsourced the internal audit (“IA”) function to BDO Governance Advisory Sdn. Bhd. (BDOGA), an independent professional firm of consultants. The IA plan was circulated to the AC prior to the execution of the assignment. Findings arising from the IA exercise were reported and discussed at the AC meeting.</p> <p>IA is carried out to assess the adequacy and integrity of the internal control system of the Group based on the IA plan reviewed and approved by the AC. Based on the audits, the internal auditors will advise management on areas of improvement and subsequently, initiate follow-up actions to determine the extent of implementation of their recommendations.</p> <p>The IA engagements were carried out based on the IA plan 2017 as approved by the AC. The results of the audits as disclosed in the IA reports were reviewed by the AC. The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. IA conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately. In this respect, IA has added value by enhancing the governance, risk management and control processes within the Group.</p> <p>During the year under review, the internal auditors have not reported any significant weaknesses in the system of internal controls of the Group.</p> <p>The AC reviewed the IA Function yearly and on 26 February 2018, an Assessment of the IA Function (resources of the IA, experience, competency etc.) in respect of FY2018 was being performed. The AC concluded that based on the Assessment, the IA Function was found adequate thus far. The AC has accordingly recommended the re-appointment of BDOGA as the Internal Auditors of the Group.</p>
	:	

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

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>All auditing endeavours are conducted in compliance with the Institute of Internal Auditors’ (“IIA”) Definition of Internal Auditing, Code of Ethics and the International Standards for Professional Practice of Internal Auditing.</p> <p>The IA function has several personnel comprising the Director of BDOGA. The Director is a Member of the Fellowship of Chartered Certified Accountants (FCCA) and Institute of Internal Auditors Malaysia (IIAM).</p> <p>The AC also satisfied that the IA function is performed in accordance with the IIA's Definition of Internal Auditing and Code of Ethics and that it conforms to the International Standards for Professional Practice of Internal Auditing. This would enable the IA function to continuously deliver value-added assurance to LNGRES and to support LNGRES in achieving its corporate and strategic objectives.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is mindful on the importance of maintaining a proper corporate disclosure procedures with the aim to provide shareholders and investors with comprehensive, accurate and quality information on a timely basis. Personnel and working team for preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the efficient disclosure of material information to the investing public.</p> <p>Presently, the Board and management of Company communicate regularly with its shareholders and other stakeholders through the following channels of communication:</p> <ol style="list-style-type: none">1. Website of Bursa Malaysia Securities Berhad ("Bursa Securities") The Company releases all material information publicly through Bursa Securities and the shareholders and the public in general may obtain such announcements and financial information from the website of Bursa Securities .2. Company Website Our Company's website, http://www.lng-res.com incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by both the shareholders and general public. This Investor Relations section is provided to enhance the Investor Relations function by including all the announcements made by the Company. <p>The Company will enhance the disclosures on its website for broader and effective dissemination of information to its stakeholders from time to time.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure :		
Timeframe :		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company noted that the <IR> process is an ongoing journey to improve quality of information disclosures to stakeholders and promote greater transparency and accountability on LNGRES. Nevertheless, due to the limited resources and considering the size of the Group, the Board has assessed and of the opinion that it is deemed not cost effective that Integrated Reporting is required at this juncture.	
		Alternative Practice: Nil	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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	:	<p>The Company despatched the notice of 15th AGM on 31 July 2017 for holding the said AGM on 24 August 2017 where the notice was given to the shareholders at least 21 days prior to the meeting in accordance to the requirement under Companies Act, 2016 and ACE LR.</p> <p>For FY2018, the Notice of 16th AGM will be sent on 27 July 2018 for holding the said AGM on 28 August 2018, which is at least 28 days prior to the meeting. The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>At the 15th AGM, all the six (6) Directors were present in person to engage directly with shareholders, and be accountable for their stewardship of the Company. Amongst them were the Chairman of the AC, NC, RC and RMC respectively.</p> <p>The Directors, Managing Director, Management and external auditors were in attendance to respond to the shareholders' queries. Officers of the Company were present to handle other face-to-face enquiries from shareholders.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company allows a member to appoint a proxy who may not be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia. The Board has not set the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for Omnibus account to allow greater participation of beneficial owners of shares at general meetings of the Company. The Articles of Association of the Company further accord proxies the same rights as members to speak at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company.</p> <p>Practice 12.3 recommended that company with large number of shareholders should have meetings in remote locations and leverage on technology to facilitate voting including voting in absentia and remote shareholders' participation at the General Meeting. In view of this, the Board has assessed and of the opinion that it is not necessary to have meetings in remote locations as it is deemed not cost effective in view of the current numbers and spread of shareholders of the Company.</p> <p>In line with the Practice 12.3 of the MCGG in promoting electronic voting, the Board will consider adopting electronic voting taking into consideration the following advantages of electronic voting:-</p> <ul style="list-style-type: none">• more transparent voting results• shorter turnaround time for declaration of results• making voting more accessible even for the disabled• reduce administrative cost and paper work; and• remove the need for physical ballot papers <p>The 15th AGM was held at Iconic Hotel in Bukit Mertajam, Penang. This venue was easily accessible to most shareholders of the Company.</p>

Explanation for departure :		

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

Measure :		
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Timeframe :		
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**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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