

BOARD CHARTER

1.0 INTRODUCTION

The main objective of the Board Charter (the “Charter”) of LTKM Berhad (the “Company”) is to set out the key principles to be adopted by the Board of Directors (the “Board”) of the Company in its corporate governance practices. The Charter sets out the functions, roles and composition of the Board of the Company to meet its legal and governance responsibilities.

2.0 COMPOSITION OF BOARD

The Board consists of qualified persons from various professional fields and businesses with different commercial skills, knowledge and experiences. The Company’s Constitution provides for a minimum of two (2) directors and a maximum of nine (9). As prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, at any one time, two (2) directors or one-third (1/3) of the Board members, whichever is higher, must be independent directors AND at least one (1) woman director. If the number of directors is not three (3) or multiple of three (3), then the number nearest to one-third (1/3) must be used.

The Independent Non-Executive Directors are independent of management, and free from any business which could interfere with their independent judgment and their ability to act in the Company’s best interest.

The Board is supported by a qualified and competent Company Secretary.

3.0 INDEPENDENT DIRECTORS

The tenure of an independent director should not exceed a cumulative term of nine (9) years unless the Board makes recommendation and provides justifications to seek shareholders’ approval at the annual general meeting with two-tier voting to retain the director as an independent director; up to the annual general meeting not exceeding twelve years of cumulative service period. Alternatively, the independent director may continue to serve on the Board subject to the director’s re-designation as a non-independent director after a cumulative term of nine years. An independent director must be re-designated as non-independent director or resign after a cumulative service period of twelve years. On boardroom diversity, the Board will review the appropriate skills, experience and knowledge required of the Board members, in the context of the needs of the Group. The Board will review its composition and size from time to time to ensure its appropriateness.

4.0 APPOINTMENT & RE-ELECTION

The Board has appointed a Nomination Committee comprising exclusively of non-executive directors, a majority of whom are independent. The Nomination Committee’s function, amongst others, is to recommend to the Board candidates for all directorship to be filled. In addition, the Nomination Committee reviews the profile of the required skills of each individual Director and assesses the effectiveness of the Board as a whole. This is to ensure that the Board has an appropriate balance of expertise and abilities.

The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.

In the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

A Director shall inform the Board's Chairman before he/she accepts any new directorships in other listed companies. The directorships held by any Board member at any one time shall not exceed five (5) listed companies.

In accordance with the Company's Constitution, one-third (1/3) of the Board members are required to retire by rotation at every Annual General Meeting ("AGM") and be subject to re-election by shareholders. All Directors who are newly appointed in a financial year shall hold office until the conclusion of the following AGM and shall then be eligible for re-election by shareholders. All Directors shall retire from office at least once in every three years but shall be eligible for re-election.

If a new Director was a former key audit partner of the Company, he/she shall observe a cooling-off period of not less than three (3) years before he/she can be appointed as a member of the Audit & Risk Management Committee.

5.0 ROLES AND RESPONSIBILITIES

5.1 DIRECTORS' CORE DUTIES

Directors have fiduciary duty and duty to use reasonable care, skill and diligence in discharging their functions. They must act in good faith, ensure integrity of financial information, avoid conflict of interest and exercise power discreetly and for a proper purpose. In using reasonable care, skill and diligence, they are to ensure compliance with regulatory requirements, be well-informed of subject matters and make business judgement for a proper purpose and in good faith; and possess reasonable level of general knowledge, skill and experience expected of a director.

5.2 FUNCTIONS OF THE BOARD

The Board of Directors takes full responsibility for the overall performance of the Company and its Group and its obligations to the Company's shareholders and other stakeholders. The main functions of the Board comprise the followings:-

- Reviewing and adopting a strategic plan for the Group.
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed.
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks.
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.
- Developing and implementing an investor relations program or shareholder communications policy for the Company.
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- Ensuring that the Company adheres to high standards of ethics and corporate behaviour.

5.3 ROLE OF CHAIRMAN

The Chairman is primarily responsible for:-

- leadership of the Board, ensuring the board's effectiveness in all aspects of its role and setting of its agenda;
- representing the Board in its relationships with shareholders, stakeholders and financial institutions;
- chairing Board and general meetings;
- ensuring the integrity of the governance process and issues;
- maintaining regular dialogue with the Management over all operational matters and consulting with the Board promptly over any matters that gives him/her cause for major concern;
- functioning as a facilitator at meetings of the Board to ensure that no member dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming;
- ensuring that all Directors are enabled and encouraged to participate in its activities;
- ensuring that Executive Directors look beyond their executive function and accept their share of responsibilities in governance;
- guiding and mediating Board actions with respect to organizational priorities and governance concerns;
- undertaking the primary responsibility for organising information necessary for the Board to deal with items on the agenda and for providing this information to the Directors on a timely basis; and
- performing other necessary responsibilities from time to time.

6.0 BOARD COMMITTEES

The Board has set up several Board Committees with specific authorities delegated by the Board.

- i. Audit and Risk Management Committee
- ii. Nomination Committee
- iii. Remuneration Committee

The objectives, roles and responsibilities of these committees are set out in their respective terms of reference. The Chairman for each committee is responsible to report to the Board on the outcome of their meetings. The Board may set up a committee from time to time as it deems fit.

7.0 BOARD MEETINGS

7.1 QUORUM

The quorum for a meeting of the Board is two (2) Directors.

7.2 FREQUENCY

The Board shall meet regularly, at least four (4) times a year on a quarterly basis, with additional meetings convened as and when necessary and with due notice of issues to be discussed in accordance with the annual Board Meeting Timeline as well as on ad-hoc requirements. The agenda for each Board meeting is circulated to all the Directors for their perusal well in advance of the Board meeting date. The Directors are given sufficient time to enable them to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

Directors are expected to attend Board meetings on which they serve to facilitate the discharge of their responsibilities. Attendance of each individual Director in the meetings held in a financial year is required to be disclosed in the Annual Report.

Actions on all matters arising from any meeting are reported at the following meeting. The Board may invite external parties such as auditors (both internal and/or external auditors), solicitors or consultants as and when the need arises. Such invited parties may attend part or all of the Board Meeting at the discretion of the Board. Members of the Management who are not Directors may be invited to attend and speak at the meetings on matters relating to their sphere of responsibility.

7.3 NOTICES AND BOARD PAPERS

The Board paper and agenda items shall be circulated at least seven (7) days prior to the meeting.

Minutes prepared following the Board meeting will be circulated in draft form. The draft minutes will be re-circulated with the Board papers in readiness for signing at the following meeting. Issues discussed in arriving at each Board's decision shall be recorded.

8.0 ACCESS TO INFORMATION

The Board has direct and unrestricted access to all information within the Company including services of the Company Secretaries, Management, internal and external auditors; whether as a full board or in their individual capacities. The Board also has the authority to conduct or direct any investigation required to fulfill its duties and has the authority to engage, at the Company's expense, necessary independent professional advisors from time to time for such purposes in accordance with the agreed procedures laid down by the Board.

9.0 FINANCIAL REPORTING

In preparing the quarterly results, annual audited accounts, annual reports and announcements, the Board ensures 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 and to do so within the stipulated timeframe. The Board is assisted by the Audit & Risk Management Committee in scrutinizing information for disclosure to ensure its timeliness, accuracy, adequacy and compliance with the required standards and laws.

10.0 THE COMPANY SECRETARY

The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board. The Company Secretary has an important role in advising and assisting the Board and its Committees in achieving good corporate governance and ensuring compliance of statutory laws, rules and regulations of the Companies Act 2016, Bursa Securities Main Market Listing Requirements, the Securities Commission guidelines and other relevant legislation and regulatory authorities. In addition, proper maintenance of the Group's statutory records, register books and documents are essential in assisting the Board to achieve the spirit and intent of good corporate governance besides ensuring proper conduct at the Annual General Meetings, Extraordinary General Meetings, Board Committees' Meeting and any other meetings and the preparation of minutes thereat.

11.0 DIRECTORS' TRAINING AND CONTINUING EDUCATION PROGRAMMES

The Directors shall be regularly updated on new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

New Directors shall be briefed on the Company's history, operations and financial control system and base visit would be conducted to enable them to have in-depth understanding of the Company's operations.

Directors are expected to undertake any necessary continuing professional education to enable them to discharge their duties and to keep abreast of relevant changes in laws and regulations and the development in the industry.

The Board shall assess the training needs of the Directors from time to time and will ensure Directors have access to continuing education programme.

12.0 THE BOARD'S RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with shareholders, investors and the general public.

The Board shall ensure that the General Meetings of the Company are conducted in an efficient manner and serve as a principal forum for dialogue with the shareholders.

The Board shall focus its efforts on the following best practices to enhance the effectiveness of general meetings:-

- encourage full participation of shareholders at all Annual General Meetings to ensure a high level of accountability and discussion of the Company's strategy and goals.
- invite the external auditor to attend the Annual General Meeting and be available to answer shareholders' questions.
- ensure that each item of special business included in the notice to be accompanied by a full explanation of the effects of the proposed resolution.
- encourage poll voting on substantive resolution and make an announcement of the detailed results showing the number of votes cast for and against each resolution.
- for re-election of Directors, ensures that the notice of meeting state which Directors are standing for election or re-election with a brief description to include matters such as age, relevant experience, list of directorships, date of appointment to the Board, details of participation in the board committees and the fact that a particular Director is independent.
- ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate and if required, the Chairman will also undertake to provide written answer to any significant question which cannot be answered immediately.
- The Chairman shall take responsibility for addressing queries from shareholders, stakeholders and analysts.

- The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
- The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

13.0 THE BOARD'S RELATIONSHIP WITH OTHER STAKEHOLDERS AND EMPLOYEES

The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.

The Company should at all times promote professionalism and improve the competency of management and employees and should ensure adequate safety measures and provide a safe and healthy working environment of all employees at the workplace.

14.0 REPRESENTATION OF THE COMPANY

The Board appoints the Chairman to speak on behalf of the Company and to manage the communication of information to investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to relevant laws and regulatory requirements.

Non-Executive Directors to as far an extent as possible, shall avoid commenting on the Company to external audiences. This is to avoid confusion and to ensure that the Board speaks in one voice.

15.0 REVIEW OF THE BOARD CHARTER

The Board shall review the said Charter periodically and make any amendments and improvements to remain consistent with the Board's objectives, current law and practice. The provisions contained in this Charter neither replace nor supersede the laws of Malaysia and/or applicable regulatory frameworks.

16.0 PUBLICATION OF THE BOARD CHARTER

A copy of the Board Charter is available at the Company's website at www.ltkm.com.my.

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