

# Corporate Governance Overview Statement

The Directors are accountable to shareholders for the business and affairs of the Company. The Directors support high standard of corporate behaviour and accountability. The Malaysian Code on Corporate Governance 2017 (“the Code” or “MCCG 2017”) aims to set out principles and best practices towards achieving excellent corporate governance framework. This statement sets out the manner in which the Group has applied the three (3) principles prescribed in the MCCG 2017 namely Principle A: Board Leadership and Effectiveness; Principle B: Effective Audit and Risk Management; and Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The Corporate Governance Report (“CG Report”) sets out in detail the manner in which the Board has applied each practice of the MCCG 2017 during the financial year. It is available in the Company’s website at [www.ltkm.com.my](http://www.ltkm.com.my).

## PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS

### A. BOARD OF DIRECTORS

#### (i) Board Composition

The Board consists of Directors from various professional fields and business background with different commercial/industrial knowledge, skills and experiences. The information of all the Directors is set out in the Profile of Directors on pages 3 and 4 of this Annual Report.

The Board currently has seven Directors – an Executive Chairman, two Executive Directors, one Non-Independent Non-Executive Director and three Independent Non-Executive Directors. 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 Group’s best interest.

#### (ii) Board Responsibilities

The Board has established the following clear functions reserved for the Board:

- Reviewing and adopting strategic plans 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, appointment and/or placement of 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.

#### (iii) Board Charter

The Board has formalized and adopted a Board Charter which sets out the functions, roles and responsibilities of the Board in accordance with the principles of good corporate governance. The Board Charter is available on the Company’s corporate website at [www.ltkm.com.my](http://www.ltkm.com.my) and is periodically reviewed by the Board.

#### (iv) Code of Conduct

The Board of Directors adheres to the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia and together with Management implements its policies and procedures which includes managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering. The regulatory Code of Ethics provides the ground rules and guidance for proper conduct and ethical behavior for the Directors on principles of sincerity, integrity, responsibility and corporate social responsibility.

# Corporate Governance

## Overview Statement

cont'd

### PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS *cont'd*

#### A. BOARD OF DIRECTORS *cont'd*

##### (iv) Code of Conduct *cont'd*

Amongst others, the regulatory Code of Ethics provides that in the performance of his/her duties, every Directors should at all times act with utmost good faith towards the company in any transaction and to act honestly and responsibly in the exercise of his/her powers in discharging his/her duties.

In recognizing the importance of ethical conduct by all levels of employees in the business operations of the Group, the Company has also established the Code of Conduct and Ethics applicable to all employees and directors. The Code of Conduct and Ethics sets out the expected standards of conduct and behavior and employees are required to acknowledge having read and understood the Code of Conduct and Ethics.

##### (v) Appointments of the Board Members and Re-election

The Board has delegated the responsibility of identifying, reviewing and recommending candidates for Board appointments as well as for re-election as Directors of the Company to the Nomination Committee ("NC").

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

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

The assessment of the independence of the Independent Directors based on the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") is carried out before the appointment of an Independent Director. The NC will undertake to carry out annual assessment of its Independent Directors annually and consider whether the Independent Director can continue to bring independent and objective judgment to the Board deliberations.

The Board Charter provides that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years or more. However, an Independent Director may either retire or continue to serve on the Board subject to the Independent Director's re-designation as a Non-Independent Director. In the event the Board intends to retain the Director as an Independent Director, the Board must justify the decision and seek shareholders' approval at the general meeting.

At the date of this report, the Company does not have any independent director that has exceeded a cumulative period of nine (9) years.

# Corporate Governance

## Overview Statement

cont'd

### PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS *cont'd*

#### A. BOARD OF DIRECTORS *cont'd*

##### (vi) Board Meeting and Supply of Information

The Board held five meetings during the financial year ended 31 March 2021. The details of Directors' attendance are set out as follows:-

Name of Directors	No. of Meetings Attended
Datuk Tan Kok	5/5
Tan Chee Huey	5/5
Loh Wei Ling	5/5
Datin Lim Hooi Tin	5/5
Kenny Tan Kah Poh	5/5
Mok Kam Loong	5/5
Choo Seng Choon ( <i>appointed on 25 February 2021</i> )	1/1
Ooi Hoy Bee @ Ooi Hooi Bee ( <i>resigned on 25 February 2021</i> )	5/5
Goh Kean Hoe ( <i>retired on 8 September 2021</i> )	3/3

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board Meetings.

The agenda and meeting materials for each Board meeting are 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 and information, where necessary, in order to be briefed properly before the meeting.

Further, all Directors have access to all information within the Company and the advice and services of the Company Secretary. This is augmented by regular informal dialogue between Independent Directors and management on matters pertaining to the state of the Group's affairs. Where necessary, the Directors may engage independent professionals to discharge their duties at the Company's expense, provided that the Director concerned seek the Board's prior consent before incurring such expenses.

##### (vii) Qualified and Competent Company Secretary

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, the Company Secretary attends all Board meetings and properly maintain the Company's statutory records, register books and documents besides ensuring proper conduct at the Annual General Meetings, Extraordinary General Meetings, Board and Committees' Meeting and any other meetings and the preparation of minutes thereof.

#### B. BOARD COMMITTEES

The Board has set up several Board Committees with clear terms of reference and specific authorities delegated by the Board. The Board Committees are:

##### (i) Audit Committee ("AC")

The terms of reference of the AC are set out under the Audit Committee Report on page 11 of the Annual Report. The AC meets at least four times a year.

# Corporate Governance

## Overview Statement

cont'd

### PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS *cont'd*

#### B. BOARD COMMITTEES *cont'd*

##### (ii) Nomination Committee (“NC”)

The members of the NC are:-

- Kenny Tan Kah Poh (*Independent Non-Executive Director*)
- Mok Kam Loong (*Independent Non-Executive Director*)
- Choo Seng Choon (*Independent Non-Executive Director*)

#### Terms of Reference for NC

##### 1. Members

The Committee shall be appointed by the Board of Directors and shall consist of not less than three (3) members, all of whom shall be non-executive directors, a majority of whom shall be independent directors.

A quorum shall consist of at least two (2) members.

##### 2. Chairman

The Chairman of the Committee shall be determined by the Committee members.

##### 3. Secretary

The Secretary of the Committee shall be determined by the Committee members.

##### 4. Meetings

Meetings shall be held whenever necessary.

##### 5. Duties and Responsibilities

The Committee shall:-

- i. recommend to the Board the new nominees for all directorships to be filled by the board or the shareholders.
  - in identifying candidates for appointment of directors, the Board does not rely solely on recommendations from existing board members, management or major shareholders for director’s candidacy. The Board utilises independent sources to identify suitably qualified candidates if necessary
- ii. consider, in making its recommendations, candidates for directorships by assessing the following factors and attributes of the candidate:-
  - a) skills, knowledge, expertise and experience;
  - b) professionalism;
  - c) commitment (including time commitment) to effectively discharge his/her role as a Director;
  - d) contribution and performance;
  - e) background, character, integrity and competence;
  - f) in the case of candidates for the position of Independent Non-Executive Directors, the Committee shall also evaluate the candidates’ ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors; and
  - g) Boardroom diversity including gender diversity.
  - h) the Board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets.

# Corporate Governance

## Overview Statement

cont'd

### PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS *cont'd*

#### B. BOARD COMMITTEES *cont'd*

##### (ii) Nomination Committee (“NC”) *cont'd*

###### Terms of Reference for NC *cont'd*

##### 5. Duties and Responsibilities *cont'd*

The Committee shall:- *cont'd*

- iii. develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors.
- iv. recommend to the Board, directors to fill the seats on board committees.
- v. annually review the mix of skills, knowledge, experience and other qualities the Board requires for it to function completely and efficiently.
- vi. annually carry out a process for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual director including his time commitment, character, experience and integrity. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented.
- vii. consider, in assessing the contribution of individual directors, each director’s ability to contribute to the effective decision making of the Board.
- viii. assess annually the independence of its independent directors and disclose details in the Annual Report as appropriate.
- ix. facilitate Board induction programme for newly appointed Directors.
- x. assess the training needs of each Director, review the fulfilment of such training, and disclose details in the Annual Report as appropriate.
- xi. review the Board’s succession plans.
- xii. consider the size and balance of the Board with a view to determine the impact of the number upon the Board’s effectiveness and recommend it to the Board.
- xiii. recommend to the Board the Company’s gender diversity policies, targets and discuss measures to be taken to meet those targets.
- xiv. recommend to the Board protocol for accepting new directorships.

##### (iii) Remuneration Committee (“RC”)

The Board has appointed the RC comprising the Chairman and two Independent Non-Executive Directors . The members of the RC are:-

- Datuk Tan Kok (*Chairman*)
- Kenny Tan Kah Poh (*Independent Non-Executive Director*)
- Mok Kam Loong (*Independent Non-Executive Director*)

# Corporate Governance

## Overview Statement

cont'd

### PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS *cont'd*

#### B. BOARD COMMITTEES *cont'd*

##### (iii) Remuneration Committee ("RC") *cont'd*

###### Terms of Reference for RC

###### 1. Members

RC members shall be appointed by the Board of Directors and shall consist of not less than three members majority of whom shall be non-executive directors.

A quorum shall consist of two members.

###### 2. Chairman

The Chairman of the Committee shall be determined by the Committee members.

###### 3. Secretary

The Secretary of the Committee shall be determined by the Committee members.

###### 4. Meetings

The meetings shall be held whenever necessary; at least once a year.

###### 5. Duties and Responsibilities

- i. recommend to the Board the remuneration of all directors and senior management in all its forms, drawing from external advice when it considers necessary.
- ii. consider the corporate and individual performance, level of responsibility and experience in determining the remuneration package for each director and senior management and corporate needs in relation to objectives and core business of the Company.
- iii. abstain from participating in decisions regarding his/her own remuneration package.

# Corporate Governance Overview Statement

cont'd

## PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS *cont'd*

### B. BOARD COMMITTEES *cont'd*

#### (iv) Remuneration

The details of the remuneration of Directors of the Company in respect of the financial year ended 31 March 2021 are set out as follows:

	Fees RM	Salary RM	Bonus RM	Benefits-in -kind RM	Total RM
Directors:					
Datuk Tan Kok	30,000	1,225,000	3,000,000	64,564	4,319,564
Tan Chee Huey	30,000	141,640	35,000	17,870	224,510
Loh Wei Ling	30,000	141,640	35,000	15,970	222,610
Datin Lim Hooi Tin	30,000	177,000	60,000	18,547	285,547
Kenny Tan Kah Poh	36,000	-	-	-	36,000
Mok Kam Loong	36,000	-	-	-	36,000
Choo Seng Choon <i>(appointed on 25 February 2021)</i>	3,000	-	-	-	3,000
Ooi Hoy Bee @ Ooi Hooi Bee <i>(resigned on 25 February 2021)</i>	33,000	-	-	-	33,000
Goh Kean Hoe <i>(retired on 8 Sept 2020)</i>	15,800	-	-	-	15,800
	243,800	1,685,280	3,130,000	116,951	5,176,031

#### (v) Directors' Training

All Directors have completed the Mandatory Accreditation Programme pursuant to the MMLR as at the date of this Annual Report. The Directors are encouraged to attend training programmes and seminars to keep abreast with current issues and new statutory and regulatory requirements.

Mr. Choo Seng Choon attended the Mandatory Accreditation Programme organised by the Iclif Leadership & Governance Centre on 26 & 27 July 2021.

## PRINCIPAL B : EFFECTIVE AUDIT & RISK MANAGEMENT

### (i) Audit Committee ("AC")

The AC assists the Board of Directors in fulfilling its responsibilities relating to effective audit and risk management of the Company and the Group. It oversees and appraises the quality of the audits conducted both by the Company's internal and external auditors. It meets with the internal auditors on a quarterly basis and the external auditors at least twice a year in the absence of the management and Executive Directors.

#### ***Suitability and Independence of External Auditors***

The Board has via the AC reviewed the annual external audit plan of the external auditors, the competency of the service team and areas of audit emphasis to assess the suitability, objectivity and independence of the external auditors. The AC has found the external auditors to be suitable, objective and independent in discharging their professional duties and recommends that the external auditors be re-appointed at the forthcoming Annual General Meeting.

The External Auditors have confirmed that they are, and have been, independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants throughout their audit engagement.

# Corporate Governance

## Overview Statement

cont'd

### PRINCIPAL B : EFFECTIVE AUDIT & RISK MANAGEMENT *cont'd*

#### (ii) Financial Reporting

##### ***Directors' Responsibility Statement in respect of Audited Financial Statements pursuant to Paragraph 15.26 (a) of the MMLR***

The Board of Directors is responsible for preparing the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results and cash flows of the Group and of the Company for the year then ended. The Board of Directors is also responsible in ensuring that the financial statements of the Group and the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, consistently applied and supported by reasonable and prudent judgments and estimates.

In presenting the annual financial statements and quarterly announcements of its results, the Board has ensured that the financial statements present a fair assessment of the Group's position and prospects.

#### (iii) Risk Management and Internal Control

The Board regards risk management and internal control as integral to the overall management process. The Board therefore has an overall responsibility to ensure a system of internal controls, which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal policies and procedures, is in place and practiced in the Group.

The Board recognises that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimising and managing them and to provide reasonable assurance against material misstatement or fraud.

The Group's Internal Audit Function has been outsourced to an independent internal audit service provider which reports directly to the AC.

Further information on the Group's risk management and internal control is presented in the Statement on Risk Management and Internal Control in pages 27 and 28 of the Annual Report.

#### (iv) Relationship with the External Auditors

The Company has always maintained a cordial and transparent relationship with the external auditors in seeking their technical and professional advice and opinion and ensuring compliance with the accounting standards in Malaysia.

### PRINCIPAL C : INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### (i) Communication with Stakeholders

The Annual Report and the quarterly announcements are the primary modes of communication to report on the Group's business activities and financial performance. The AGM is the main forum where dialogue with shareholders is annually conducted. In addition, the Group maintains a website at <http://www.ltkm.com.my> which shareholders or other stakeholders can access for information. All information released to Bursa Malaysia Securities Berhad is posted on the website. Alternatively, the Group's latest announcements can be obtained via the Bursa Malaysia website maintained at <http://www.bursamalaysia.com>.



# Corporate Governance

## Overview Statement

cont'd

### PRINCIPAL C : INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

cont'd

#### (ii) Conduct of General Meetings

Shareholders are notified of the AGM well in advance with a copy of the Company's Annual Report sent to the shareholders at least 28 days before the meeting. At each AGM, shareholders are given ample time and opportunity to ask for more information, without limiting the type of queries asked. During the meeting, the Board is prepared to provide responses to queries and to receive feedback from the shareholders. The external auditors are also present to provide their professional and independent clarification on any relevant issues of concern that may be raised by the shareholders.

The Board encourages participation at general meetings and all resolutions set out in the Company's Notice of AGM and/or Notices of Resolutions received, and its related amendments are subject to poll voting. To promote fairness, transparency and in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements, a scrutineer is appointed to observe the poll voting process.

A summary of the key matters discussed at the Company's AGM is posted onto the Company's website after the general meeting.

#### (iii) Corporate Social Responsibility

The Board is committed in its social obligation towards its stakeholders in particular towards the environment, community and its employees.

##### Environment

The Group continues its commitment towards sustaining the environment by using clean poultry farming technology and effective and efficient bio-security and waste management system to eliminate environmental footprints in the areas where it operates.

Chicken houses are designed and maintained hygienically to leave minimal impact to surrounding environment. Use of large ventilator system in chicken houses and multiple decker cage systems in well laid out farm ensure clean environment and healthy growth of layers. Stringent flock health policy practiced at the farm has resulted in lower risk of disease outbreak.

##### Social

The Company creates employment opportunities particularly for the community in its neighbourhood. The layer farm currently employs over 500 workforce ranging from operators to management. The Company values the contribution of its employees and provides opportunities for development and enhancement of employees' skills. In-house training programmes, external training and seminars focusing on skills, knowledge, productivity and job related requirements are provided for employees. LTKM encourages communication and constructive feedback and suggestions across all levels of functionalities and positions. In addition, LTKM also provides housing and medical aids as part of its commitment to the welfare of its employees.

The Group also donates to schools, homes for the underprivileged and charitable organizations on regular basis.

# Corporate Governance

## Overview Statement

cont'd

### OTHER INFORMATION

#### (i) Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and substantial shareholders' interest which were still subsisting at the end of the financial year or entered into since the end of the previous financial year.

#### (ii) Sanctions And/Or Penalties

There were no sanctions and/or penalties imposed on the Group, Directors or management by the relevant regulatory bodies.

#### (iii) Depository Receipt Programme

During the financial year under review, the Company did not sponsor any Depository Receipt Programme.

#### (iv) Profit Guarantee

There was no profit guarantee given by the Company during the financial year under review.

#### (v) Options Or Convertible Securities

Other than the share options issued under the Employees' Share Option Scheme ("ESOS"), there was no other options or convertible securities issued during the financial year under review.

Details of the ESOS share options are disclosed in Directors' Report of the Audited Financial Statements on page 37 of this Annual Report.

#### (vi) Non-Audit Fees Paid To External Auditors

There was no non-audit fees paid or payable to the external auditors and/or their affiliated companies during the financial year under review.

#### (vii) Recurrent Related Party Transactions

The details of the transactions with related parties undertaken by the Group during the financial year under review are disclosed in Note 30 to the Audited Financial Statements on page 100 of this Annual Report.

#### (viii) Share Buy-Back

There was no share buy-back carried out by the Company during the financial year under review.

#### (ix) Variation Of Results

There was no material variance between the results for the financial year ended 31 March 2021 with the unaudited results previously announced by the Company.

#### (x) Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year under review.