



Policies Governing the Board of Directors

Introduction

In formulating these policies, reference has been made to the Board Charter, Code of Conduct and Ethics, Fit and Proper Policy, relevant provisions of the Malaysian Code on Corporate Governance 2021 and any later revisions thereto which may be issued from time to time (“the Code”) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”).

1. SELECTION AND APPOINTMENT PROCESS FOR NEW DIRECTORS

1.1 The relevant provisions of the Code and MMLR are as follows:

Paragraph 15.08A(2) of MMLR

The nominating committee must have written terms of reference dealing with its authority and duties which must include the selection and assessment of directors, and such information must be made available on the listed issuer’s website.

Guidance 5.5 of the Code

There should be a formal, rigorous and transparent process for the appointment of directors (including reappointments) and senior management. The candidate selection process should be guided by clear criteria as required under the MMLR and guidance in this Code. In evaluating the ability of a director to perform his role effectively, the board should consider among others whether a director is ‘over stretched’ in terms of his commitments to the board commitments, to meet the demands and expectations of the role.

The board must also be mindful of the recommended best practices in relation to board appointments. In the case of State-owned Enterprises (SOE), the OECD Guidelines on Corporate Governance of State Owned Enterprises recommend that the SOE board composition should allow the exercise of objective and independent judgment. All board members including public officials, should be nominated based on qualifications and have equivalent legal responsibilities (Principle VII.C). Further, the Guidelines recommend that persons linked directly with the executive powers such as heads of state, heads of government and ministers, should not serve on boards as this would cast serious doubt on the independence of their judgment. Additionally, a listed company is discouraged from appointing an active politician as a director on its board.

1.2 Upon the existence of a casual vacancy or upon the decision of the Board to invite an additional director to the Board, the following process shall be followed:

- (a) The existing Directors shall examine the current composition of the Board and pre-define the desired characteristics or profile of the new director.



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

- (b) In so doing, the Board shall:
- consider the kinds of professional qualification, skillsets, industry experience and profile that the new director should have, in order to preserve an all-rounded and balanced board. The Board is supporting of gender and ethnicity equality; and
 - consider and discuss other pertinent or relevant factors that may arise.
- (c) The existing Directors may then propose the name of any potential candidate to the Chairman of the Board, from:
- their own personal contacts; or
 - a registry of directors, such as that maintained by the NAM Institute for the Empowerment of Women Malaysia (NIEW) at <http://www.wcdregistry.com>, or the Malaysian Alliance of Corporate Directors at <http://www.macd.org.my> or
 - professional advice inside and outside the Group as and when it considers necessary or external consultants to identify a short-list of suitable candidates.
- (d) The Chairman of the Board shall, within a specified timeframe, disclose the names of the potential candidates that have been nominated, to the Nomination Committee (“NC”) Chairman.
- (e) The NC Chairman will send the information of the potential candidates to the rest of the NC members, before convening an interview with them. The interview must be conducted by at least two (2) members of the NC.
- (f) The NC Chairman shall then requested the Company Secretary to convene a NC Meeting to review, assess and evaluate the potential candidates in accordance with the Fit and Proper Policy. After the NC meeting, the NC Chairman or any key Senior Management may approach the potential candidate to gauge his/her interest in being appointed to the Board of the Company.
- (g) If the potential candidate indicates his agreement to be appointed to the Board of the Company, the NC Chairman shall communicate the same to the other NC members and Management, so that they could make appropriate recommendation on appointment of new Director(s) to the Board for approval.
- (h) The Company Secretary shall then prepare the necessary documentation which shall include:



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

- a letter of appointment addressed to the new Director setting out the terms of the appointment and the expected time commitment required from him/her;
 - the relevant statutory forms/documents; and
 - announcement templates to enable the Company to make the necessary announcements to Bursa Securities.
- (i) The Board will then decide on the best candidate(s) and Board resolution(s) will be passed to appoint the successful candidate(s) as new Director(s).

2. ASSESSMENT OF INDEPENDENCE

2.1 The Board has developed the following criteria for the assessment of initial and ongoing independence, based on the Chapter 1 (Definition) of the MMLR:

Independent Director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of an applicant or a listed issuer. Without limiting the generality of the foregoing, an independent director is one who:

- (a) *is not an executive director of the applicant, listed issuer or any related corporation of such applicant or listed issuer (each corporation is referred to as "said Corporation");*
- (b) *is not, and has not been within the last 3 years, an officer (except as an independent director) of the said Corporation;*
- (c) *is not a major shareholder the said Corporation;*
- (d) *is not a family member of any executive director, officer or major shareholder of the said Corporation;*
- (e) *is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;*
- (f) *has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by Bursa Securities, or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by Bursa Securities; or*
- (g) *has not engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Securities, or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Securities.*

2.2 The aforesaid criteria shall be applied by the Board in the following instances:



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

- admission as new Independent Director;
 - annually; and
 - as and when a new interest or relationship develops.
- (iii) In applying the above criteria, the Directors must give effect to the spirit, intention and purpose of the said definitions. If a Director does not fall within any of paragraphs (a) to (g) of the said definition, it does not mean that the said Director will automatically qualify to be an Independent Director. The Director concerned as well as the Board of Directors must still apply the test of whether the said Director is able to exercise independent judgment and act in the best interests of the Company as set out in the said definition.
- (iv) On an annual basis, each Independent Director shall submit to the Board, a declaration of ongoing independence based on the provisions of the MMLR. See Appendix A for the sample declaration form.

3. INDUCTION PROGRAMMES FOR NEW DIRECTORS

- 3.1 According to Corporate Governance Guide (4th Edition), *induction programme will be vital for newly appointed directors to orientate themselves in the new environment in order to better contribute to the board. The induction programme could comprise a combination of written materials, presentations and activities, such as meetings and site visits. Induction programmes of an interactive nature could also foster constructive relationship between the newly appointed director and existing directors and senior management. The essential information during the induction of a new member may contain corporate information, corporate governance framework and management information.*
- 3.2 On appointment, the Non-Executive Directors (“NED”) will have the benefit of an induction programme aimed at deepening their understanding of the Company and the business environment and markets in which the Company operates that includes background material, meetings with Senior Management and visits to the Company’s facilities. This will enable the newly appointed Directors to discharge their duties and responsibilities effectively.
- 3.3 The induction programme will entail the following:
- (a) Discussions with Chairman with regards to their roles, responsibilities, Board’s expectation in terms of their knowledge and potential contributions); and
 - (b) briefing by Managing Director (“MD”) and/or Executive Director (“ED”) on the Company’s:
 - (i) mission and vision;
 - (ii) business;
 - (iii) operations;
 - (iv) financial performance; and



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

(v) organizational structure.

- 3.4 The Company Secretary will also brief him/her on the relevant regulatory and company secretarial matters and furnishes him/her with a copy of the Board governance documents such as Board Charter, Code of Conduct and Ethics, Policy Governing Board of Directors and others.
- 3.5 In line with Paragraph 2.2(b)(i) of Practice Note 5 of MMLR [in respect of paragraph 15.08 (1)], amongst others that a Director, who is appointed for the first time as a Director of a listed issuer must complete the Mandatory Accreditation Programme prescribed by Bursa Securities within 4 months from the date of appointment.

4. TRAINING AND CONTINUING EDUCATION PROGRAMMES FOR DIRECTORS

- 4.1 Regulatory requirements concerning directors' training are outlined below:

Paragraph 15.08 of MMLR

- (1) *A director of a listed issuer must ensure that he attends such training programmes as may be prescribed by Bursa Securities from time to time.*
 - (2) *Bursa Securities considers continuous training for directors of listed issuers as important to enable the directors to effectively discharge their duties. In this respect, the board of directors of a listed issuer must on a continuous basis, evaluate and determine the training needs of its directors. The subject matter of training must be one that aids the director in the discharge of his duties as a director.*
 - (3) *The board of directors must disclose in the annual report of the listed issuer, a statement on the training attended by its directors which includes the following information:*
 - (a) *the board has undertaken an assessment of the training needs of each director;*
 - (b) *a brief description on the type of training that the directors have attended for the financial year; and*
 - (c) *in exceptional circumstances where any director has not attended any training during the financial year, valid justifications for the non-attendance of such director.*
- 4.2 All Directors shall ensure that they keep abreast of regulatory changes, other developments and broad business trends as well as sustainability issues relevant to the Company and its business including climate-related risks and opportunities. The NC must evaluate the training needs of the Directors on a continuous basis and ensure all Directors have access to appropriate continuing education programmes.
- 4.3 In implementing the above, the Company shall facilitate the attendance of any training programme, course or seminar by any director, for the purposes of



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

continuing education and training. There are two (2) mechanisms shall be applicable in the above connection:

4.3.1 On the recommendation of the NC

- The NC shall periodically conduct a training needs analysis on behalf of the Board.
- In so doing, the NC shall have regard to the results of performance appraisals and other relevant considerations, in assessing whether any of the directors should undergo any specific type of training and if so, in what areas.
- In the event the NC wishes to recommend a particular area of training for a particular Director, the NC shall communicate with the Director concerned.
- A suitable training programme/course/seminar for the above purposes may then be identified, either by the NC or by the Director concerned.
- The Company shall make the necessary arrangements for the Director to attend the training, including payment of registration fees and other matters.

4.3.2 At the request of any Director

- Any Director may identify a training programme/course/seminar which he/she believes would be relevant to his/her continuing education and professional development, and notify the Company accordingly.
- The Company shall make the necessary arrangements for the Director to attend the training, including payment of registration fees and other matters.

5. ACCEPTANCE OF NEW DIRECTORSHIPS

- 5.1 Directors should be able to devote adequate time to fulfil their responsibilities effectively. Accordingly, there has been growing scrutiny on the number of directorships held by a director, as a measure for their ability vis-à-vis time commitment. Paragraph 15.06 of MMLR limits a director's directorship in listed issuers to five (5).
- 5.2 Every Director shall discuss with the Chairman of the Company ("Board Chairman") the following prior to his/her acceptance of any directorship on companies outside of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) Group ("RKIB Group") to ensure that such



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

appointment is not in conflict with RKIB Group's business or does not materially interfere with his/her performance as a Director on RKIB Board.

- (a) his/her intention to accept the proposed directorship;
- (b) an indication of time that will be spent on the proposed directorship; and
- (c) his/her confirmation that he/she does not already sit on the Boards of five (5) public listed companies.

5.3 The Board Chairman shall consider the notification and taking into account the following before making any decision:

- (a) the existing number of boards of public and private limited companies on which the Director currently sits;
- (b) the Director's current workload in relation to the number of Board committees of the Company on which he/she sits; and
- (c) any other factor that the Chairman of the Board may deem relevant.

5.4 In the event the Board Chairman agrees to the proposed directorship, the Director shall immediately notify the Company Secretary on the necessary details, and the Company Secretary shall prepare the necessary documentation including notification to other Board members and the regulatory authorities.

5.5 However, in the event the Board Chairman does not agree to the proposed directorship for any reason, the matter shall be tabled before the Board as a whole for further discussion at the next Board meeting.

6. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

6.1 Practices 7 and 8 of the Code in relation to the remuneration of Directors and *Senior Management* are as follows:

Practice

7.1 *The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.*

7.2 *The board has a Remuneration Committee to implement its remuneration policies and procedures including reviewing and recommending matters*



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

relating to the remuneration of board and senior management. The Remuneration Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

- 8.1 There is detailed disclosure on named basis of the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.*
- 8.2 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.*
- 8.3 Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.*

Guidance

- 7.1 Fair remuneration is critical to attract, retain and motivate directors and senior management. The remuneration package should take into account the complexity of the company's business and the individual's responsibilities. In addition, the remuneration should also be aligned with the business strategy and long-term objectives of the company. In determining the appropriate level of remuneration for directors and senior management, the board should also take into consideration the company's performance in managing material sustainability risks and opportunities. The remuneration and incentives for independent directors should not conflict with their obligation in bringing objectivity and independent judgment on matters discussed.*
- 7.2 Establishing a Committee to assist the board in developing and administering a fair and transparent procedure for setting policy on remuneration of directors and senior management is important because this would ensure that remuneration packages are determined on the basis of the directors' and senior management's merit, qualification and competence, while having regard to the company's operating results, individual performance and comparable market statistics. The Committee should only consist of non-executive directors and a majority of them must be independent directors, drawing advice from experts, if necessary.*

Executive directors should not be involved in discussions to decide on their remuneration. Directors who are shareholders and controlling shareholders with a nominee or connected director on the board should also abstain from voting on the resolution to approve directors' fees at the general meeting. For example, where an institutional investor is the controlling shareholder of the company and have a nominee director on the board, the institutional investor should voluntarily abstain from voting on the resolution to approve the remuneration of the director at the general meeting. Listed companies are encouraged to table separate resolutions on the approval of the fees of each non-executive director.



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

- 8.1 *The detailed disclosure allows shareholders to make an informed decision when voting on the approval of directors' remuneration and to consider the appropriate remuneration package taking into account the responsibilities of the directors.*
- 8.2 *The disclosure of how the remuneration is measured allows stakeholders to understand the link between senior management remuneration and the company's performance. This will also enable stakeholders to determine whether the remuneration is fair and able to attract and retain talent.*
- 6.2 The Board recognises the need to be competitive in today's volatile business environment and accordingly, this policy is designed with the aim to support the Company's key strategies and create a strong performance-orientated environment in attracting, motivating, and retaining talent towards achieving long-term vision of the Company. The policy considers the following key principles:
- total remuneration shall be set at levels that are competitive with the relevant market and industry and reflect the performance of the individual, skills and experience as well as level of responsibilities undertaken;
 - the remuneration policies and procedures for Directors and Senior Managers are formal, transparent and properly documented;
 - incentive plans, performance measures and targets shall align to shareholders' interest;
 - individual Directors must abstain from deliberation and/or approval of their own remuneration; and
 - remuneration package for Directors and Senior Management should take into consideration the Company's performance in managing material sustainability risks and opportunities.
- 6.3 Remuneration of EDs comprises basic salary, monetary incentives, and fringe benefits which is linked to the achievement of corporate performance targets. Salaries payable to EDs shall not include a commission on or percentage of turnover.
- 6.4 Remuneration of NEDs is made up of Directors' fees and meeting allowance on a per-meeting attendance basis comprising Directors' allowances. The level of remuneration for the NEDs shall reflect the experience and level of responsibilities undertaken by the NEDs concerned. The remuneration of an NED shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. It shall also not include commission based on the percentage of turnover.



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

- 6.5 Directors' fees and benefits for EDs and NEDs are recommended by the Board for approval by shareholders at the Company's Annual General Meeting. Directors' fees shall be paid upon receipt of such shareholders' approval.
- 6.6 The policies governing the annual assessment and remuneration of NED are as follows:
- 6.6.1 NEDs receive remuneration in the form of Directors' fees as compensation for their services plus the reimbursement of expenses (i.e. meeting allowances) incurred in the course of performing their services. The remuneration package of NEDs shall take into consideration any additional responsibilities undertaken such as, acting as chairman of the board, chairman or members of a board committee etc. The remuneration of the NEDs is to ensure the Company's continued ability to attract and retain highly competent NEDs.
- 6.6.2 The remuneration packages for NEDs shall be a matter for the Board as a whole and NEDs shall not receive any remuneration or benefits designed specifically for EDs. The fees of the NEDs are reviewed yearly by the Remuneration Committee ("RC") and any revision shall be recommended for the Board's approval.
- 6.7 The policy governing the annual assessment and remuneration of ED are as follows:
- (a) The ED undertake a self-appraisal on an individual basis, once a year. The results are forwarded to the MD, who reviews and comments on the same. The results and the MD's comments, are then forwarded to the Chairman of the Board.
 - (b) The MD also undertakes a self-appraisal, once a year. Once completed, the appraisal forms are forwarded to the Company Secretary and the results are tabulated. The tabulated results are then forwarded to the Chairman of the Board.
 - (c) The Chairman of the Board then reviews the results and considers whether the current remuneration package of the EDs (whether under a Service Contract or an Employment Contract) should be revised or retained at status quo.
 - (d) Remuneration of EDs comprises basic salary, fixed allowances and other benefits which is linked to the achievement of corporate performance targets.
 - (e) The remuneration package of the EDs concerned is then tabled for approval of the RC and subsequently, the Board. At Board level, the Chairman of the Board makes such observations or comments as he/she may deem fit.



7. APPOINTMENT AND REMUNERATION OF SENIOR MANAGEMENT

7.1 Appointment of Senior Management

7.1.1 Senior Management shall be appointed according to, *inter alia*, the following criteria:

- (a) Number of years' working experience;
- (b) Number of years' working experience in the Company/Group;
- (c) Qualifications;
- (d) Specific skillsets and areas of expertise, especially in the areas of the Company's specific business operations;
- (e) Work ethic;
- (f) Aptitude;
- (g) Leadership skills;
- (h) Ability to lead and motivate teams; and
- (i) Other ad-hoc criteria to be determined by the Management and the Board of Directors on a case-by-case basis.

7.1.2 In selecting and appointing Senior Management, gender and ethnic diversity should not be the main criteria as the Board is supportive of gender and ethnicity equality.

7.2 Remuneration of Senior Management

7.2.1 The remuneration of Senior Management shall be determined by the EDs.

7.2.2 Factors and criteria to be taken into account when determining the remuneration of Senior Management, or any change to their existing remuneration, by the EDs are, *inter alia*, as follows:

- (a) Number of years' working experience;
- (b) Number of years' working experience in the Company/Group;
- (c) Qualifications;
- (d) Specific skillsets and areas of expertise, especially in the areas of the Company's specific business operations;
- (e) Work ethic;
- (f) Aptitude;
- (g) Leadership skills;
- (h) Ability to lead and motivate teams;
- (i) The average salary of a similarly-qualified manager in other companies of the same size and in the same industry; and
- (j) Other ad-hoc criteria to be determined on a case-by-case basis.



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

APPENDIX A : SAMPLE ANNUAL DECLARATION OF CONTINUING INDEPENDENCE

Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad)

(Company No. 199401017151 (302829-W))
(Incorporated in Malaysia)

ANNUAL DECLARATION OF CONTINUING INDEPENDENCE

I, the undersigned, hereby declare to the Board of Directors of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) (“the Company”) that at all times during the financial year commencing 1 July [].....and ending 30 June [], I was and remain to date, an independent director pursuant to the definitions and provisions of the Main Market Listing Requirements and all amendments thereto valid and in effect as at the date of this declaration.

I hereby declare that :

- a) I am not an executive director of the applicant, listed issuer or any related corporation of the Company ;
- b) I have not been within the last 2 years and am not an officer (except as a non-executive director) of the Company;
- c) I am not a major shareholder the Company;
- d) I am not a family member of any executive director, officer or major shareholder of the Company;
- e) I am not acting as a nominee or representative of any executive director or major shareholder of the Company;
- f) I have not been engaged as an adviser by the Company under such circumstances as prescribed by the Exchange or am not presently a partner, director (except as an independent director) or



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by the Exchange; and/or

- g) I have not engaged in any transaction with the Company under such circumstances as prescribed by the Exchange or am not presently a partner, director or major shareholder, as the case may be, of a firm or corporation which has engaged in any transaction with the Company under such circumstances as prescribed by the Exchange.

Signed by:

(Signature)

(Name in block letters)

(NRIC No.)