

LEADER STEEL HOLDINGS BERHAD

(Registration no. 199301012471 (267209-K))

Board Charter

1. Preamble

The enhancement of corporate governance standards is vital towards the achievement of the objectives of transparency, accountability and effective performance for Leader Steel Holdings Berhad (“the Company”) and its subsidiaries (hereinafter referred to as “the Group”). Accordingly, this Board Charter (“Charter”) is established with the aim of enshrining the concepts of good governance as promulgated in the Malaysian Code on Corporate Governance 2017 (“Code 2017”).

The Charter serves as a reference point for Board activities and should not be construed as a blueprint for Board operations. It is aimed to provide guidance for the Board and Management vis a vis the role of the Board and its Committees, the requirements of the Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board’s present practices.

Just as each organisation has its own corporate culture, the dynamics of each Board is unique. The dynamics shift as the composition of the Board changes, and the Directors of the Company should always be open to new opportunities and ready to confront new challenges brought about by change.

This Charter is to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and management with regard to the role of the Board and its committees, the requirements of Directors in carrying out their role and in discharging their duties towards the company as well as the Board’s operating practices.

This Charter does not overrule or pre-empt the statutory requirements of Directors as enshrined in the Companies Act 2016, the Income Tax Act 1967 and other relevant statutes, including the conduct of the Board as stipulated in the Articles of Association which is the Constitution of the Company. To the extent of any conflict between the terms of this Charter and a Constitution, that Constitution prevails.

2. Interpretation

In this Charter:

“Act” means the Companies Act 2016

“Board” means the Board of Directors of the Company

“Bursa Securities” means Bursa Malaysia Securities Berhad

“Business” means the business of the Group

“Chairman” means the Chairman of the Board and is used in a gender neutral sense

“Company Secretary” means the Board Secretary (ies) or the person (s) normally exercising the functions of a Board secretary

“Group MD” means the MD of the Group

“Independent Director” is defined in accordance to Paragraph 1.01 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”)

“Listing Requirements” means the Main Market Listing Requirements of Bursa Securities

“Management” means the management personnel of the Company

“MD” means the Managing Director of the Company

“Shareholders” means the shareholders of the Company

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3. Objectives of the Board

The Board is accountable to Shareholders and is responsible for the stewardship of the Group's Business and affairs on behalf of the Shareholders. Significantly, the Board shall seek to ensure that the Business objectives of the Group is aligned with the expectations of Shareholders with a view to enhancing long-term Shareholders' value whilst taking into account the interests of other stakeholders and maintaining high standards of transparency, accountability and integrity.

Additionally, often, the Board has to warrant that the operations of the Group are being effectively managed in a manner that is properly focussed on those Business objectives, conforming to regulatory and ethical requirements as well as maintaining high standards of transparency, accountability and governance.

4. Role of the Board

4.1 The Board's role is to provide leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed.

4.2 The Board has delegated certain responsibilities to committees which operate in accordance with the Charter approved by the Board and delegated the day to day Management of the Business of the Group to Management, executive officer and MD subject to an agreed authority limit.

The Board shall reserve a formal schedule of matters for its decision to ensure that the direction and control of the Group is firmly in its hands. This includes strategic issues and planning, material acquisition and disposal of assets, capital expenditure, authority levels, treasury policies, risk management policies, appointment of auditors and review of the financial statements, financing and borrowing activities, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.

4.3 The principal responsibilities of the Board including those adopted from the Code are:

- i. reviewing and adopting a strategic plan for the Group and to institute a regular and formal board strategy review to ensure that the strategic plan support long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability of its business and Group operations;
- ii. overseeing the conduct of the Group's Business, supervise and assess management's performance to evaluate whether the Business is being properly managed and that the Group's performance is skewed towards achieving its strategy notwithstanding that some of the subsidiaries have separate Board of Directors;
- iii. review, challenge and decide on management's proposals for the Company and monitor its implementation by management;
- iv. anticipate changes in the market and ensuring that the Group's capabilities and resources are sufficient to manage uncertainties;
- v. identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- vi. succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Board members and senior management;
- vii. developing and implementing an investor relations programme or shareholder communications policy for the Group;

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4. Role of the Board (cont'd)

- viii. reviewing the adequacy and the integrity of the Group's risk management, internal control systems and management information systems, including systems/reporting framework for compliance with applicable laws, regulations, rules, directives and guidelines;
- ix. determining the remuneration of Non-Executive Directors, with the individuals concerned abstaining from discussions of their own remuneration;
- x. ensuring that the Company's financial statements are true and fair and other conform with the laws; and
- xi. ensuring that the Company adheres to high standards of ethics and corporate behaviour.

4.4 In overseeing the conduct of the Group's business, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management framework is established. Elements under this combined framework include the Business Plan, the budget, financial statements, divisional strategic/performance reviews reports and risk management reports.

4.5 Appendix A sets of the details of matters reserved for the Board in carrying its roles and responsibilities.

5. Board Structure

5.1 Board Balance and Composition

- 5.1.1** The Board should be of a size and composition with the benefit of variety of perspective and skills that is conducive to effective decision making and effective discharge of its roles and responsibilities for the benefit of the Group and its Business.

It is also important for the Board to keep its size at a reasonable level (notwithstanding the fact that the Constitution of the Company allows a minimum of two (2) and a maximum of twelve (12) Directors). Boards that are too small or too large may significantly limit the level of individual participation, involvement and effectiveness. The Board shall from time to time examine its size with a view to determine the impact of its number upon its effectiveness.

- 5.1.2** The appointment of a new member to the Board (as well as for those who retire and offer themselves for re-appointment or re-election) is only made after consultation with the Nominating Committee and it is of importance to the Board that to ensure high levels of professional skills and appropriate personal qualities (relevant skills, experience, expertise and time commitment) are pre-requisites for such nominee.

Without limiting the generality of the foregoing, the qualifications for Board membership are the ability to make informed Business decisions and recommendations, an entrepreneurial talent for contributing to the creation of Shareholders value, relevant experience, the ability to appreciate the wider picture, ability to ask probing operational related questions, high ethical standards, sound practical sense and total commitment to furthering the interests of Shareholders and the achievement of the goals of the Group.

- 5.1.3** The Board recognises the significant representation by Directors who are capable and willing to make Business decisions and judgement in the best interest of the Group and free from influences which would give rise to conflict of interest with that duty and are also independent of Management. The Board recognises the importance of independence and objectivity in its decision making process. At least one-third (1/3) of the Board should consist of Independent Directors.

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5. Board Structure (cont'd)

5.1 Board Balance and Composition (cont'd)

- 5.1.4** The Board recognises the need for the composition to reflect a range of skill mix and expertise. High levels of professional skills and appropriate personal qualities are pre-requisite for directorships. Without limiting the generality of the foregoing, the qualifications for Board membership are the ability to make informed business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, relevant experience, the ability to appreciate the wider picture, ability to ask probing operational related questions, high ethical standards, sound practical sense, and total commitment to furthering the interests of shareholders and the achievement of the Company's goals.
- 5.1.5** The Board recognises the need for an appropriate balance between Executive Directors who possess extensive direct experience and expertise in the core Business activities of the Group, and Non-Executive Directors who have outstanding track records and reputation attained at the highest levels of Business and commerce generally, and who are able to bring to the Board a broad range of general commercial expertise and experience.
- 5.1.6** The Board also recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority. It is the policy of the Board to keep the roles of the Chairman and the Group MD separate.
- 5.1.7** The Board is mindful of the recommendation for Board diversity and, under this circumstance, the Nominating Committee shall ensure that women candidates are sought during its recruitment exercise and consider gender diversity in its recommendation to the Board.

The Board will also consider issues with regards gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. Evaluation of suitability of any candidate is based on the criteria as stipulated in 5.1.2 to ensure that the candidate bring value and expertise to the Board.

5.2 Role of the Chairman

- 5.2.1** The Chairman carries out a leadership role in the conduct of the Board and its relations with the shareholders and other stakeholders.
- The Chairman is primarily responsible to:
- (a) lead the Board in the oversight of management;
 - (b) act as representative of the Board;
 - (c) represent the Board to shareholders and chairing general meeting of shareholders;
 - (d) ensure the adequacy and integrity of the governance process and issues;
 - (e) maintain regular dialogue with the Group MD over all operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern to optimise the effectiveness of the Board and its Committees;
 - (f) functioning as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes;
 - (g) ensure that all Directors are enabled and encouraged to participate in its activities. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;

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5. Board Structure (cont'd)

5.2 Role of the Chairman (cont'd)

- (h) ensure that Executive Directors look beyond their executive function and accept their full share of responsibilities of governance and provide regular updates on all issues pertinent to the welfare and future of the Group to the Board;
- (i) guide and mediating Board actions with respect to organisational priorities and governance concerns;
- (j) undertake the primary responsibility for organising information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis; and
- (k) perform other responsibilities assigned by the Board from time to time.

5.2.2 The Chairman may delegate specific duties to the Executive Directors, Board members and / or Committees as appropriate.

5.3 Role of the Group MD

5.3.1 The position of the Group MD, in essence, is to ensure the effective implementation of the Group's Business Plan (including strategic plan) and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation.

5.3.2 The Group MD, in association with the Chairman, is accountable to the Board for the achievement of the Group's mission, goals and objectives and the Group MD is accountable to the Board for the observance of management limitations.

5.3.3 At each of its scheduled meetings, the Board should expect to receive from or through the Group MD:

- (a) Summary reports on the performance and the activities from the Company's subsidiaries and specific proposals for capital expenditure and acquisitions and disposals in accordance with the Discretionary Authority Limits as set out under **Appendix B**; and
- (b) Such assurances as the Board considers necessary to confirm that the management limitations are being observed.

5.3.4 The MD is expected to act within all specific authorities delegated to him or her by the Board. The delegation is subject to and limit by, the terms of this charter including matters reserved for decision by the Board and any specific limitations on authority imposed by the Board from time to time.

5.3.5 The responsibility of the MD should be stated in an agreed job description and generally, the MD is responsible to the Board for the following:

- (a) Executive management of the Group's business covering, inter alia, the development of a strategic plan, an annual operating plan and budget, performance benchmarks to gauge management performance against and the analysis of management reports;
- (b) Developing long-term strategic and short-term profit plans, designed to ensure that the Group's requirements for growth, profitability and return on capital are achieved;
- (c) Directing and controlling all aspects of the business operations in a cost effective manner;
- (d) Effectively oversee the human resources of the Group with respect to key positions in the Group's hierarchy, makes recommendations to the Board for recruitment of senior management staff, determination of remuneration as well as terms and conditions of employment for senior management and issues pertaining to discipline;

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5. Board Structure (cont'd)

5.3 Role of the Group MD (cont'd)

- (e) Ensures that the Group's Financial Reports present a true and fair view of the Group's financial condition and operational results and are in accordance with the relevant accounting standards;
- (f) Assures the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
- (g) be the official spokesman for the Company and responsible for regulatory, governmental and business relationships;
- (h) Ensures compliance with governmental procedures and regulations;
- (i) Coordinates business plans with the businesses heads, coordinates management issues through the Board, and oversees divisional function groups and cost containment process in consultation with the Chief Financial Officer/Financial Controller and the Regional Office or Head Office;
- (j) Maintains and facilitates a positive working environment and good employee relations;
- (k) Assists in the selection and evaluation of Board members through the Nominating and Remuneration Committees; and
- (l) Assists the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis.

In discharging the above responsibilities, the Group MD can delegate appropriate functions to the Executive Director, who shall report to the Group MD.

5.4 Role of the other Executive Director that are not MD

- 5.4.1 The role is to advise on programs or helping with the Company's strategic planning.
- 5.4.2 To advise on the project or Company's deals with, which is critical, and helps to make decisions, chooses the direction of the Company and keeps the Company on track for the future.
- 5.4.3 As an adviser to understand the capabilities of the Company in which includes developing program plans.
- 5.4.4 To provide advice to management of a business base on their own experience and expertise.

5.5 Role of the Non-Executive Directors ("NED")

- 5.5.1 The roles of the NEDs primarily covers the monitoring of the Group performance and contributing to the development of Group strategies as outlined below:
 - (a) Strategy: provide constructive commentaries and contribute to the development of Group strategies;
 - (b) Performance: oversee the performance of Management in meeting pre-set objectives and targets and monitor the reporting of performance.
- 5.5.2 NEDs could act as a link between Management, Shareholders and other stakeholders. They should provide the relevant checks and balances and ensuring that high standards of Corporate Governance are applied whilst taking into consideration the interests of the Shareholders and other stakeholders.

5.6 Tenure of Directors

- 5.6.1 Pursuant to the Constitution, all Directors must retire once at least every three (3) years but shall be eligible for re-election.

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5. Board Structure (cont'd)

5.6 Tenure of Directors (cont'd)

5.6.2 Pursuant to the Code 2017, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The nine (9) years can either be a consecutive service of nine (9) years or a cumulative service of nine (9) years with intervals. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent Director. However, the shareholders may, in exceptional cases where the Board is of the opinion that the Independent Director can continue beyond the 9-year tenure and subject to the assessment of the Nominating Committee, decide that an Independent Director can remain as an Independent Director after serving a cumulative term of nine (9) years. The justification may be determined in the form of greater rigor and transparency in the evaluation process which accompanies any recommendation for renewal of a Directors' appointment/election at the general meeting.

5.6.3 If the Board continues to retain the Independent Director after twelve (12) years, the Board should provide justification and seek annual shareholders' approval.

5.6.4 The tenure of the Executive Directors is tied to their executive office.

5.7 Company Secretary

5.7.1 The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required of the post.

5.7.2 The key role of the Company Secretary is to provide unhindered advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.

5.7.3 Other primary responsibilities of the Company Secretary shall include:

- (a) Preparing agendas and coordinating the preparation of meeting papers and managing of the Board and meeting logistics and committee meetings and facilitate Board communications;
- (b) Advise the Board on its roles and responsibilities and ensure that Board procedures and applicable rules are observed;
- (c) Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- (d) Maintaining records of the Board and ensure effective Management of organisation's records;
- (e) Attend and preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
- (f) Timely dissemination of information relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements;
- (g) Monitor governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;
- (h) Facilitate the orientation of new directors and assist in director training and development;
- (i) Assisting the communications between the Board and Management;
- (j) Manage processes pertaining to the AGM;
- (k) Serve as a focal point for stakeholders' communication and engagement on corporate governance issues; and
- (l) Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.

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5. Board Structure (cont'd)

5.8 Board Committees

5.8.1 The Board reserves the right to establish Committees from time to time in the discharge of its duties and responsibilities. The existence of the Board Committees does not diminish the Board's responsibilities for the affairs of the Group where the delegation of power shall be subjected to the approved terms of references and are in accordance with this Charter.

5.8.2 Where a Committee is formed, specific terms of reference of the committee would be established to serve as a guidance note which covers matters such as the purpose, composition and functions of the committee.

Members of the Committees are expected to participate actively at meetings and be knowledgeable about purpose, process and goal of the said Committees.

5.8.3 The following standing committees with written terms of reference has been established:

(a) Audit Committee ("AC")

The AC assists in providing oversight on the Group's financial reporting, disclosure, regulatory compliance, risk management and monitoring internal control process within the Group. The AC reviews the quarterly financial statements, unaudited and audited financial statements, internal and external audit reports as well as related party transactions. Annual assessment on the effectiveness of internal and external auditors.

The terms of reference of the AC is attached under **Appendix C**.

(b) Nominating Committee ("NC")

The Nominating Committee oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director as well as identify candidates to fill board vacancies, and nominating them for approval by the Board. NC also oversee the facilitation of Directors' induction, training and succession programmes.

The terms of reference of the Nominating Committee is attached under **Appendix D**.

(c) Remuneration Committee ("RC")

The Remuneration Committee is primarily responsible for recommending to the Board the remuneration of Executive Directors and Non-Executive Directors in all its forms, drawing from outside advice if necessary.

The terms of reference of the Remuneration Committee is attached under **Appendix E**.

(d) Risk Management Committee ("RMC")

The Risk Management Committee responsible to outline the Group's risk context which comprises Group's philosophies, strategies and policies and operating system so as to better manage the business risks faced by the Group. It provides assurance to the Board that a sound risk management and internal control system is in place and in accordance with the requirements of regulatory bodies.

The terms of reference of the Risk Management Committee is attached under **Appendix F**.

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5. Board Structure (cont'd)

5.9 The Board's Relationship with Shareholders and Stakeholders

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

5.9.2 It is the responsibility of the Board to ensure that the Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") of the Company are conducted in an efficient manner and serves as a crucial mechanism in shareholder communications. Key ingredients behind this include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the general meetings. The Board will focus its efforts to abide by the following best practices to enhance the effectiveness of the general meetings:

- (a) 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;
- (b) 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 directorship, date of appointment to the Board, details of participation in board committee and the fact that a particular Director is independent;
- (c) Ensure that all resolutions are considered by poll and to announce the detailed results of the votes cast for and against in each instance;
- (d) 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; and
- (e) Conduct a business presentation with a question and answer session, where appropriate and if required.

5.9.3 The Chairman and/or Group MD shall take responsibility for addressing queries from Shareholders, stakeholders and analysts. In the performance of this responsibility, the Chairman and/or MD shall be mindful of the regulatory requirements pertaining to price sensitive information.

5.9.4 Appendix G which contained The Corporate Disclosure Policy provides detailed guidance on communication with Shareholders and other stakeholders.

6. Board Processes

Board Meetings shall be conducted in a Business-like manner where all Directors are encouraged to share their views and partake in discussions. No one person should dominate the discussion. The Chairman, assisted by the Company Secretary, shall play a mediator's role to maintain the order of the proceedings in a constructive, productive and effective manner.

6.1 Frequency

6.1.1 The Board should meet regularly, at least on a quarterly basis. Special Board meetings should be held in addition to the quarterly meetings as and when required. Prior notice of meetings will be given to all who are required to attend the meetings.

6.1.2 Board members are required to attend the Board meetings and attendance of each individual Director in the meetings held in a financial year is required to be disclosed in the Annual Report. Other senior officers/ Management who can provide additional insight into matters under discussion or appear to persons with potential who should be given exposure to the Board may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.

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6. Board Processes (cont'd)

6.1 Frequency (cont'd)

- 6.1.3** Additional formal Business is dealt with as required, whether by physical, video conferencing or telephonic meetings, as well other electronic meetings defined in the Constitution of the Company. All notices, resolutions, attendance, transactions, quorums and votes obtained through electronic means shall be deemed valid and effective unless it contravenes the requirements of relevant statutes and regulations.
- 6.1.4** All meetings of the Board will be conducted in accordance with the Constitutions of the Company and applicable laws.
- 6.1.5** The Chairman of the Board, or in his absence, a Director from amongst Board members present shall be appointed to preside at all meetings.
- 6.1.6** The quorum for Board meetings is two (2) Directors present in person or by teleconference, video, electronic or such other communication facilities that would facilitate real-time participation.
- 6.1.7** All Board decisions shall be made through consensus. In the event consensus could not be reached, it shall be decided by a majority of votes and in the event of equality of votes, the Chairman shall have a second or casting vote in accordance with the Constitution. When only two (2) Directors form a quorum, the Chairman of the meeting at which such a quorum is present, or at which only two (2) Directors are competent to vote, the Chairman shall NOT have a casting vote.
- 6.1.8** Any issues which arise between meetings can be resolved through circular resolutions subsequent to the Board being apprised of the issues. These circular resolutions shall be valid and effective if approved by majority Directors in any written form – letter, telex, facsimile or telegram.

6.2 Agenda

- 6.2.1** The notice of a Directors' meeting should be given in writing at least seven (7) days prior to all Board meetings except for cases of emergencies with full Board consent for short notice. Notices may be sent through any means of tele-communication in permanent written form as prescribed in the Constitution.
- 6.2.2** A well prepared board agenda will enhance the Board's productivity and strengthen its strategic and supervisory role. The Chairman, in conjunction with the executive Director and the Company Secretary, shall undertake the primary responsibility for preparing the Board's agenda. The agenda shall include, amongst others, matters specifically reserved for the Board's decision. Due consideration should be given to items for inclusion, sequence of items, estimated time required for each item as well as the necessary board papers needed be provided to the Board including items to be sent in advance. In the case of sensitive and confidential information, these board papers may be circulated just prior to the Board meeting. The Company Secretary or person assigned by the Chairman shall record the Board's documentation, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities.

6.3 Meeting Papers

- 6.3.1** As a matter of best practice and to allow ample time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least seven (7) days prior to the meeting or a shorter period when unavoidable. It is recommended that where there is a need to table a report, a brief listing of findings and/or recommendations is prepared.

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6. Board Processes (cont'd)

6.3 Meeting Papers (cont'd)

6.3.2 The minutes of Board meetings shall be prepared within one (1) month following a Board meeting and shall be circulated in draft form. The draft minutes shall be re-circulated together with the Board papers at the following Board meeting in readiness for approval. The practice is for minutes to record processes and decisions rather than a historical narrative of the discussion. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request.

6.4 Access to Information and Independent Professional Advice

6.4.1 All Directors (Executive and Non-Executive) have the same right of access to all information within the Group whether as a full Board or in their individual capacity, in furtherance of their duties and responsibilities as Directors of the Company in writing or via email.

6.4.2 Non-executive Board members are expected to notify, via email or call, the Executive Directors and/or the Company Secretary before contacting any members of the Senior Management on any matters.

6.4.3 A record of submissions, papers and materials presented to the Board, is maintained and held by the Company Secretary together with minutes of meetings, and is accessible to Directors.

6.4.4 All Directors should have access to the advice and services of the Company Secretary. The Board should recognise that the Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.

6.4.5 The full Board or in their individual capacity, in furtherance of their duties, shall be able to obtain an independent professional advice at the Company's expenses provided that such Director shall justify his action and obtain written approval from the Board.

6.4.6 Subject to prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.

6.5 Induction Process

6.5.1 The objective of the induction process is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.

6.5.2 Induction of Directors may include, but not limited to, the following:

- Time with other Directors, in particular the Chairman, the Company Secretary and, if the Independent Director is a functional specialist, his or her counterpart;
- Furnishing or a copy of the previous board minutes for at least the past six (6) months; the Business/strategic plan, pertinent Management reports, and significant reports by Management consultants on areas of board responsibilities;
- Visits to key sites (including overseas locations, if the Business is strongly international); and
- A formal 1 to 2 days induction programme, including the elements above.

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6. Board Processes (cont'd)

6.6 Directors' External Commitments and Conflict of Interest

- 6.6.1** The Constitution stipulate that a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest in accordance with the provisions of the Companies Act 2016. The Director concerned shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising thereof unless otherwise as provided for in the Constitution of the Company.
- 6.6.2** Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, or a related company, the Director involved shall make full disclosure and act honestly in the best interest of the Company.
- 6.6.3** An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.
- 6.6.4** The Company Secretary shall aid the annual independence and conflict of interest self-declaration by the Directors.
- 6.6.5** The Company shall ensure that its Board members have the character, integrity, experience, competence and time to effectively discharge their roles.
- 6.6.6** The Board members shall ensure that they dedicate sufficient time to carry out their roles and responsibilities. Each Director shall provide such a commitment at the point of appointment. Each Director is also required to commit to attend at least 50% of the Board meetings held annually.
- 6.6.7** A Director of the Group or Company shall hold not more than five (5) directorships in public companies listed on the Bursa Securities. Prior to accepting any new appointment, Directors shall notify the Chairman in writing and this shall include an indication of time that will be spent on the new appointment.

7. Representation of the Company

- 7.1** The Board looks to the Group MD, working together with the Chairman, to speak on behalf of the Group 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 with reference to the Company's Corporate Disclosure & Communication Policy.
- 7.2** Non-Executive Directors to as far an extent as possible, should avoid commenting on the Company to external audiences. This is to avoid confusion and to ensure that the Board speaks in one voice.
- 7.3** The Group shall use information technology in its communication with Shareholders and other stakeholders. The usage shall include a dedicated section for Corporate Governance under the Investor Relations heading on the Group's corporate website. This dedicated section shall provide updated information such as quarterly financial statements, Board Charter and Annual Report, amongst others.

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8. Remuneration of the Directors

- 8.1** The Executive Directors shall receive remuneration that is recommended by the Remuneration Committee.
- 8.2** The NEDs will be paid a basic fee for their role as Directors of the Company subject to shareholders' approval at general meetings. In addition, they will also receive fees for attendance at meetings and for the responsibilities undertaken on Committees.
- 8.3** The remuneration for all Directors shall be approved by the Board with the Directors concerned abstaining from participating in the discussion of his individual remuneration. Remuneration payable shall be in line with the Directors' Remuneration Policy as set out under **Appendix H**.

9. The Company's Constitution and Management's limits

- 9.1** The Board operates pursuant to the powers and is subject to rules in the Constitution of the Company as adopted by shareholders in general meeting.
- 9.2** The Management is expected to act within all specific authorities delegated to it by the Board as outlined under **Appendix B** for Discretionary Authority Limit. Nevertheless, the Board is still charged with the responsibility for the exercise of such power by the delegate as if such power had been exercised by the Directors themselves. This responsibility can be negated only when:
- (a) the Board believed on reasonable grounds that the delegate would exercise the delegated powers in conformity with the Companies Act 2016 and the Constitution of the Company; and
 - (b) the Board believed on reasonable grounds, in good faith and after making a proper inquiry that the delegate (where necessary) was reliable and competent in relation to the powers delegated.
- 9.3** The Management is expected to act within all specific authorities delegated to it by the Board as outlined under **Appendix B** for Discretionary Authority Limits. The Management is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.

10. Revision to the Board Charter

- 10.1** The Board Charter shall be reviewed by the Board as when necessary to ensure its relevance in aiding the Board to discharge its duties and responsibilities vis a vis the changes in corporate laws and regulations that may arise from time to time.

Updated on 17 November 2023

Introduction

The primary responsibility of the Board of Directors (the “Board”) is to foster the long-term success of the Group consistent with the Board’s responsibility to maximize shareholder value. To the extent that power given under the relevant acts, rules and regulations and authorities, the Board has plenary power. For expediency and effectiveness, the Board shall delegate certain of its duties to the Board Committees as set forth in their respective Terms of Reference, as amended from time to time.

This list of detailed responsibilities of the Board is prepared to assist the Board and Management in clarifying responsibilities and ensuring effective communication between the Board and Management in line with the recommendation of the Malaysian Code on Corporate Governance 2012. Any responsibility not delegated to Management or a Committee of the Board remains with the Board.

1. Reviewing and adopting strategic plan for the company

Via the Executive Directors / the Board as a whole:

- Participate with Executive Directors and/or Senior Management, in the development of, and ultimately approve, the Group’s long term strategic plan which is premised on sustainability and strategic direction of the business;
- Approve the annual business plan that enables the Group to realize its objectives;
- Approve annual capital and operating budgets which support the Group ability to meet its strategic objectives;
- Monitor the Group’s progress towards its goals, and to revise and alter its direction through Management in light of changing circumstances.
- Approval of acquisitions and disposals, investments and divestitures;
- Approve proposed corporate exercise (i.e. mergers, restructuring and takeovers), ascertain that assets are appropriately valued, and that the Company’s shares are fairly valued by the market, to reduce susceptibility to takeover;
- Approve and ratify capital expenditure exceeding a certain threshold to be determined by the Board from time to time; (Refer to **Appendix C** for discretionary authority limits);
- Conduct regular analyses of trading activity in the Company’s shares, and identify areas of concern;
- Evaluate and approve corporate strategy, including, but not limited to:

- diversification, including managing the scope and mix of various activities to improve performance;
- coordination of business segments; and
- investment priorities and the allocation of resources across activities.

2. Overseeing the conduct of the Company's business

Via the Management or the Board, as a whole:

2.1 Operations

- Review outstanding major action items from previous meetings;
- Discuss emerging issues that may affect the business of the Group. Some of these issues are:
 - adverse economic and industrial trend;
 - competitors' actions;
 - adverse publicity/rumours concerning the Company and/or its subsidiaries;
 - changes to statutory requirements in the industry/business that the Group operates in;
 - fluctuation in major raw materials prices and supply of materials;
 - fluctuation in interest rates (affecting finance cost); and
 - labour issues;
- Receive reports from the Executive Directors on operational and performance-related matters and strategic issues; and
- Receive, at least annually, reports from Management on matters relating to, among others, ethical conduct, environmental management, employee health and safety and related party transactions.

2.2 Finance

- Review divisional performance and Group results, actual against budgets and requiring Senior Management to justify and account for significant variances;
- Review operations of the previous month, year-to-date, and forecast covering the remainder of the relevant accounting period;
- Deliberate financing arrangements, cheque and other signatories, including the changes thereof;
- Review and approve financial statements of the Company and Group for lodgement with the various authorities;

- Approve the annual financial statements, review quarterly financial results and approve release thereof by Management;
- Propose and declare dividends;
- Approve financing arrangements, changes in authorized capital, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial papers, and related prospectuses and trust indentures;
- Recommend appointment of external auditor and approve auditor's fees;
- Approve banking resolutions and significant changes in banking relationships;
- Approve appointments, or material changes in relationships with advisor of any corporate exercise;
- Review coverage, deductibles and key issues regarding corporate insurance policies;
- Approve contracts, leases and other arrangements or commitments that may have a material impact on the Group; and
- Approve the commencement or settlement of litigation that may have a material impact on the Group;
- Review the Group's funding requirements, including significant treasury matters, on a continuing basis; and
- Determine that any exchange risk, credit risk and interest rate risk associated with any funding or placements are acceptable.

3. Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

Via the Risk Management Committee or the Audit Committee or the Board, as a whole:

- Identify the principal risks of the Group's business and implement appropriate systems to manage these risks;
- Review and communicate to the Board, key risks faced by the Group (present and potential) and management action plans to manage the risks;
- Review operating and financial performance relative to budgets or objectives;
- Assess and monitor management control systems;
- Monitor risk exposure of the Group; and
- Review periodical reports from Management/ Internal Audit on progress of mitigation plans for key risks identified

4. Succession planning

Via the Management or Nominating Committee or the Board, as a whole:

- The appointment, training as well as succession planning of the Board and Senior Management, and monitoring performance, approving compensation and providing advice and counsel to the Executive Directors in the execution of their duties;
- Approving service agreement for the Executive Directors;
- Reviewing Executive Directors' performance at least annually against agreed upon written objectives;
- Appoint, training, fixing compensation of and, where appropriate, replacing Senior Management;
- Acceptance of outside directorships on public companies by executive officers (other than not-for-profit organizations); and
- Consider approving the appointment, resignation/termination of Director, Company Secretary and auditors;
- Consider recommendation and approval of Directors to fill the seats on Board Committees;
- Review and assess annually:
 - the required mix of skills and experience of the Board, including the core competencies, which Non-Executive Directors should bring to the Board; and
 - the effectiveness of the Board, as a whole, the Committees of the Board and the contribution of each individual Director.
- Review and approve the recommendations from Remuneration Committee, remuneration packages of Executive Directors and recommend fees and emoluments of Non-Executive Directors for shareholders' approval at Annual General Meeting.

5. Overseeing development and implementation of a shareholder communications policy

Via the Chairman or Executive Directors or the Board, as a whole:

- Ensure the Group has in place effective communication processes with shareholders, other stakeholders and financial, regulatory and other recipients;
- Interact with shareholders on all items requiring shareholder approval;
- Ensure that the financial performance of the Group is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;

- Ensure the financial results are reported fairly and in accordance with applicable approved accounting standards in Malaysia;
- Ensure the timely reporting of any other developments that may have a material impact on the Group;
- Report annually to shareholders on the Board's stewardship for the preceding year (the Annual Report), including the Corporate Governance Statement, the Statement on Internal Control and other disclosures required by statutes and the Listing Requirements of Bursa Malaysia Securities Berhad; and
- Approve the announcements made to Bursa Malaysia Securities Berhad pursuant to the Listing Requirements.

6. Reviewing the adequacy and integrity of the management information and internal control system of the Company

Via the Audit Committee or the Risk Management Committee or the Board, as a whole:

6.1 Legal Obligations/ Policies and Procedures

- Review compliance with all significant policies and procedures by which the Group operates;
- Direct Management to ensure the Group operates at all times within applicable laws and regulations;
- Review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).
- Directing Management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained;
- Approving changes in the Memorandum and Articles of Association of the Company, matters requiring shareholder approval, and agenda for shareholder meetings; and
- Approving the Company's legal structure, name, logo, mission statement and vision statement; and
- Ensuring the Company and its subsidiaries adhere to high standards of ethics and corporate behavior.
- Reviewing any conflict of interest situation involving Directors or Senior Management that arose, persist or may arise together with the measures taken to resolve, eliminate or mitigate such conflicts, and report these accordingly in the Company's Annual Report.

6.2 Reporting controls

- Internally review management information systems to ensure that both Board and Management are receiving relevant and reliable information;
- Externally, review existing accounting policies against the appropriate standards, and review the questionnaire completed by Management to ensure that the published financial statements are true and fairly stated; and
- Approve regulatory reporting, i.e. quarterly and other announcements, to authorities.

6.3 Internal and External Audit

- Review regulations affecting the Group's operations;
- Develop and review systems for monitoring regulatory compliance;
- Review compliance reports prepared by internal audit;
- Review the scope and depth of coverage of the internal audit function;
- Review and discuss reports from the internal auditors and external auditors on internal control recommendations, and confirm that appropriate action has been taken;
- Ensure that there is effective communication and liaison between the internal and external audit functions;
- Review the draft letter of representation requested by the external auditors, and confirm that the representations have been considered;
- Ensure that issues raised by the External Auditors have been satisfactorily resolved; and

7. Other Matters

Any other pertinent matters that may be decided upon by the Board from time to time.

DISCRETIONARY AUTHORITY LIMITS

Operating and capital expenditures are controlled by annual budgets approved by the Board. These budgets set the general level of expenditure, but leave large numbers of individual expenditure decisions which have to be authorised during the year at appropriate levels. Discretionary limit for approving capital expenditure items and transactions shall be established as follows:

| No. | Description | Limit (RM) | Approval level |
|-----|---|-------------------|----------------|
| 1. | Investment of capital nature where acquisition not in the ordinary course of business | 5 million | Group MD |
| | | 5 million & above | BOD |
| 2. | Ordinary capital expenditure required in the course of business not budgeted previously | 2 million | Group MD |
| | | 2 million & above | BOD |
| 3. | Investment of surplus cash assets | 500k | Group MD |
| | | 500k & above | BOD |

- Expenditures requiring approval of the Executive Director and/or the Board shall be accompanied by appropriate supporting business and financial data to support its viability and facilitate consideration of the Executive Director and/or the Board members.
- For capital expenditure items and investment approved on a block basis by the Board and Executive Director, approval shall be deemed to have been obtained when individual transactions are carried out on the condition that the cumulative amount transacted does not exceed the original approved limit.
- Other than the capital expenditure and investment transactions, the Executive Directors shall be responsible to decide and review the appropriate discretionary authority limit for all types of operational transaction in the ordinary course of conducting business for their divisions.
- The approval limit shall be reviewed and revised subject to the approval of the Board from time to time as appropriate. In addition, the Group is expected to comply with the Bursa Malaysia Listing Requirements in relation to transactions which require shareholders' approval at General Meeting.

TERMS OF REFERENCE: AUDIT COMMITTEE**1. Objectives**

The primary function of the Audit Committee (“AC” or “Committee”) is to assist the Board in fulfilling the following oversight objectives on the Group’s activities:

- Assess the Group’s processes relating to its risks, governance and control environment;
- Oversee financial reporting;
- Evaluate the internal and external audit processes;
- Overseeing the risk management framework of the Group;
- Reviewing and recommending an appropriate risk management strategy so as to ensure that business risks are effectively addressed by the Group;
- Reviewing the adequacy and completeness of the Group’s risk management process and recommending improvements where required.

2. Composition of AC

The Board shall elect and appoint Committee members from amongst their numbers comprising not less than three (3) Directors, all must be non-executive Directors, with a majority of them being independent Directors and the members shall not:

- be Executive Directors of the company or any related corporations;
- comprise of a spouse, parent, brother, sister, son or adopted son, daughter and adopted daughter of an Executive Director of the Company or any related corporations, or;
- comprise of persons having a relationship which in the opinion of the Board would interfere with the exercise of independent judgement in carrying out the function of the Audit Committee.

At least one (1) member of the Committee:

- must be a member of the Malaysian Institute of Accountants; or
- if he or she is not member of the Malaysian Institute of Accountants, he or she must have at least three (3) years working experience and:
 - he or she must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - he or she must be a member of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- fulfills such other requirements prescribed or approved by the Exchange.

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3) or resulting in the non-compliance of the listing requirement of the Exchange pertaining to composition of audit committee, the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an independent non-executive Director. All members should be financially literate. No alternate Director of the Board shall be appointed as a member of the Committee.

The Chairman of the Board shall not be a member of the Audit Committee.

Former partner of the audit firm auditing the Group's financial statements shall not be appointed as a member of Audit Committee unless he or she has observed a cooling-off period of at least three years before being appointed as a member of Audit Committee.

3. Secretary to AC

The Company Secretary shall be appointed Secretary of the Committee ("the Secretary") or in her absence, another person authorised by the Chairman of the Committee. The Secretary, in consultation with the Chairman, shall draw up an agenda for the meeting. The Secretary shall be responsible for keeping the minutes of the meeting of the Committee and the minutes shall be circulated to members of the Board.

4. Meetings

The Committee shall meet at least four (4) times a year or more frequently as circumstances shall dictate. The Chairman of the Committee will highlight any major issues and any items requiring resolution by the Board.

In addition, the Chairman shall convene a meeting of the Committee if requested to do so by any member, the management of internal or external auditors to consider any matters within the scope and responsibilities of the Committee.

The Chairman of the AC should engage on a continuous basis with senior management, such as the Chairman of the Board, Group MD, Group Chief Financial Officer, the Head of Internal Audit and the External Auditors in order to be kept informed of matters affecting the company.

5. Reporting Procedures

The agenda together with relevant explanatory papers and documents shall be circulated to the Committee members prior to each meeting. The Secretary shall be responsible for keeping the minutes of the meeting of the Committee, circulating them to all members of the Board.

The Chairman shall submit an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.

6. Meeting Procedures

The Committee shall regulate its own procedures, in particular:

- (a) the calling of meetings;
- (b) the notice to be given to such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

7. Quorum

A quorum shall consist of 2 Committee members; however it must be made up of a majority of independent Directors.

8. Attendance by Invitation

The Group MD, Group GM, Group CFO, the Head of Internal Audit and the representative of the External Auditors should normally be invited to attend the meetings. The Committee may invite any person to be in attendance to assist in its deliberations in any particular meeting. However, the Committee should meet with the External Auditors without Executive Board members and management present at least once a year.

9. Rights of the External Auditors

The External Auditors have the right to appear and be heard at any meeting of the Committee and their representative shall appear before the AC when required to do so by the Committee.

10. Authority of the AC

The Audit Committee should:

- Have authority to seek any information it requires from employees or investigate any activity within its terms of reference;
- Have the resources which are required to perform its duties;

- Have full and unrestricted access to all information, documents and officers of the Company and the Group for the purpose of discharging its functions and responsibilities;
- Have direct communications channels with the internal and external Auditors and senior management of the Group and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.
- Be able to obtain outside legal or other independent professional advice as it considers necessary at the expense of the Company.
- Request members of the Board and Senior Management to declare any real or potential conflict of interest situation; and

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirement, the Committee shall promptly report such matter to the Bursa Securities.

11. Duties and Responsibilities

The duties and responsibilities of the Committee shall be:

- To review the Company's and the Group's quarterly results and annual financial statement before submission to the Board, focusing on:
 - Any changes in or implementation of accounting policies and practices;
 - Major judgment areas;
 - Significant adjustments proposed by the external auditors;
 - Going concern assumption;
 - Compliance with accounting standards;
 - Compliance with stock exchange and legal requirements; and
 - Significant and unusual events
- To review with the external auditors their audit plan, scope and nature of audit for the Company and the Group, their evaluation of the system of internal control, their audit report, audit findings, their management letter and management's response including previous audit findings and recommendations as well as the assistance given by the Company's employees to the external auditors;
- To review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- To discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary);

- To perform the following, in relation to the internal audit function:
 - Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - Review the internal audit programme and results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of internal audit function;
 - Review the internal audit plan, consider the major findings of the internal audits, internal or fraud investigations and actions and steps taken by management in response to audit findings;
 - Review any appraisal or assessment of the performance of members of the internal audit function;
 - Approve any appointment or termination of senior staff members of the internal audit function; and
 - Take cognisance of resignations/transfer of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- To review any related parties transactions and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions or management integrity;
- To consider the appointment of the external auditors and to review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment, to consider the nomination of a person or persons as external auditors and the audit fees, the terms of reference of their appointment, and any question of resignation or dismissal;
- To review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- To verify the allocation of option granted pursuant to the Employee Share Option Scheme;
- To report to the Board its activities, significant results and findings;
- To review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Bursa Securities Listing Requirements and other legislative and reporting requirements.
- To promptly report such matter to the Bursa Securities if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements;

- To discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the external auditors. The contracts cannot be entered into should include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation; and
- To direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
- Review and report to the Board any conflict of interest situation involving the Directors or Senior Management that arose, persist or may arise together with the measure taken to resolve, eliminate and mitigate such conflicts and ensuring adequate disclosure in the Annual Report.
- To undertake any such responsibilities as may be agreed by the Committee and the Board.

12. Review

The terms of reference will be subjected to review from time to time by the Committee and the Group MD, and any amendments are to be approved by the Board before becoming effective.

This term of reference was further updated on 17 November 2023.

1. Objectives

In accordance with the MCCG, the Nomination Committee (“NC” or “Committee”) is set up to recommend candidates to the Board. The final decision on the appointment of any of the Directors shall be made by the Board.

The Nomination Committee shall be responsible in ensuring the appropriate Board balance and size, and that the Board has a required mix of skills, experience and other core competencies. Based on the process and procedures laid out by the Board, the Nomination Committee shall annually carry out and ensure proper documentation of all assessments and evaluations on the effectiveness of the Board, the Board Committees and the contribution of each individual Director.

2. Composition

The Nomination Committee shall comprise wholly of Non-Executive Directors, the majority of whom are independent and shall be appointed by the Board. The Committee shall comprise no fewer than 2 members. The appointment of a Committee member shall automatically be terminated if the member ceases for any cause to be a director, or as determined by the Board.

The members of the Nomination Committee shall elect a Chairman from amongst any of its members. In the absence of the Chairman of the Committee, the members present shall elect one of their number to chair the meeting.

The Chairman of the Board shall not be a member of the Nominating Committee.

3. Secretary to NC

The Company Secretary shall be the Secretary of the Committee or in her absence, another person authorised by the Chairman of the Committee.

4. Meetings

The Nomination Committee shall meet at least once a year.

5. Reporting Procedures

The Secretary shall be responsible for keeping the minutes of the meeting of the Committee and make it available to all members of the Board upon request.

6. Meeting Procedures

The Committee shall regulate its own procedures, in particular:

- (a) the calling of meetings;
- (b) the notice to be given to such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

7. Quorum

The quorum for any meetings shall be two members.

8. Attendance by Invitation

Other Directors, key executives and employees may attend any particular meeting only at the Committee's invitation.

9. Authority of NC

The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:

- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any information pertaining to the Company;
- Be able to obtain independent professional advice; and
- Be able to secure the attendance of external advisers and shall have the discretion to decide who else other than its own members to attend meetings, if it thinks fit.
- To address any situation of conflict which may arise between and among the directors and/or senior management.

10. Duties and responsibilities

- To make recommendations to the Board with regard to any appointment of Directors considering their skills, knowledge, education, qualities, expertise and experience; professionalism; integrity, time commitment, contribution, Boardroom diversity and other factors that will best qualify a nominee to serve on the Board; and for the position of Independent Non-Executive Directors, the ability to discharge such responsibilities/ functions as expected;
- To consider, in making its recommendations, candidates for Directorships proposed by the Group MD and within the bounds of practicability, by any other senior executive or any other Director or shareholder;
- To assist the Board to review regularly the Board structure, size and composition and the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board;
- To assess the effectiveness of the Board, any other committees of the Board and the contributions of each individual Director, including the independence of Independent Non-Executive Directors, as well as the Group MD and Group CFO (where these positions are not Board members), based on the process and procedures laid out by the Board; and to provide the necessary feedback to directors in respect of their performance;
- To ensure proper documentation of all assessments and evaluations so carried out;
- To recommend to the Board, the Directors to fill the seats on any committees of the Board;
- To propose to the Board the responsibilities of non-executive directors, including membership and Chairmanship of Board Committees;
- To recommend to the Board for continuation or discontinuation in service of Directors as an Executive Director or Non-Executive Director;
- To recommend to the Board, Directors who are retiring by rotation to be put forward for re-election;
- To evaluate training needs for directors annually;
- To arrange induction programmes for newly appointed directors to familiarize themselves with the operations of the Group through briefings by the relevant management teams;
- To recommend to the Board the employment of the services of such advisers as it deems necessary to fulfil the Board's responsibilities; and
- To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

- To engage independent professional sources to identify suitable qualified board seats, as and when necessary.
- To assist the Board to ensure the board comprises at least one woman director.
- To assist the Board to ensure that candidates recommended to be appointed as directors of the Company are not linked directly with executive powers such as head of state, head of government or ministers, or active politicians.
- To act as mediator to resolve any situation of conflict which may arise, between and among the directors and/or senior management

11. Review

The terms of reference will be subjected to review from time to time by the Committee and any amendments are to be approved by the Board before becoming effective.

This terms of reference was last revised and reviewed on 23 February 2023.

1. Objectives

In accordance with the MCCG, the Remuneration Committee (“RC” or “Committee”) is set up to provide recommendations to the Board on the remuneration of the Executive Directors of the Company and the Group in all its forms such that the component parts of remuneration are structured to link rewards to corporate and individual performance.

Executive Directors should play no part in decisions on their own remuneration while the fees of the Non-Executive Directors should be a matter for the Board as a whole to determine. The individuals concerned should abstain from discussion of and voting on their own remuneration.

2. Composition

The Remuneration Committee shall consist wholly or mainly of Non-Executive Directors and shall be appointed by the Board. The Committee shall comprise no fewer than 3 members. The appointment of a Committee member shall automatically be terminated if the member ceases for any cause to be a director, or as determined by the Board.

The members of the Remuneration Committee shall elect a Chairman from amongst its members who shall be a Non-Executive Director. In the absence of the Chairman of the Committee, the members present shall elect one of their number who shall be a non-executive to chair the meeting.

The Chairman of the Board shall not be a member of the Remuneration Committee.

3. Secretary to RC

The Company Secretary shall be the Secretary of the Committee or in her absence, another person authorised by the Chairman of the Committee.

4. Meetings

The Nomination Committee shall meet at least once a year.

5. Reporting Procedures

The Secretary shall be responsible for keeping the minutes of the meeting of the Committee and make it available to all members of the Board upon request. The Committee, through its Chairman, shall report to the Board at the next Board meeting after each Committee meeting.

6. Meeting Procedures

The Committee shall regulate its own procedures, in particular:

- (a) the calling of meetings;
- (b) the notice to be given to such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

7. Quorum

The quorum for any meetings shall be two members.

8. Attendance by Invitation

Other Directors, key executives and employees may attend any particular meeting only at the Committee's invitation.

9. Authority of RC

The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:

- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any information pertaining to the Company;
- Be able to obtain independent professional advice; and
- Be able to secure the attendance of external advisers and shall have the discretion to decide who else other than its own members to attend meetings, if it thinks fit.

10. Duties and responsibilities

- To determine and recommend to the Board the framework or board policy for the remuneration structure, in all forms, of the Executive Directors and/or any other persons as the Committee is designated to consider by the Board, drawing from outside advice as necessary;
- To review changes to the Directors and Senior Management Remuneration Policy from time to time, as necessary;
- To determine and recommend to the Board any performance related pay schemes for the Executive Directors and/or any other persons as the Committee is designated to consider by the Board;
- To implement/ maintain a reward system for executive directors based on their performance against the Company's results. The following factors shall be taking into consideration in determining the quantum of remuneration:
 - Position and Scope of Work
 - Business strategy and long term objectives of the Company
 - Complexity of the Company's activities
 - Performance
 - Number of Years of Service
 - Experience
 - Salary based on Industries Standard
- To review and recommend the entire individual remuneration packages for each of the executive directors;
- To determine the policy for and scope of service agreements for the Executive Directors, termination payment and compensation commitments;
- To recommend to the Board the appointment of the services of such advisers or consultants as it deems necessary to fulfill its responsibilities; and
- To carry out such other functions as may be agreed to by the Committee and the Board of Directors;
- The Committee should ensure that the following disclosure requirements pertaining to Directors remuneration are being complied with:
 - Membership of the Remuneration Committee appears in the Annual Report;
 - Details of the remuneration of each Director are disclosed in the Annual Report in the name of the full Board.
- To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

11. Review

The terms of reference will be subjected to review from time to time by the Committee and any amendments are to be approved by the Board before becoming effective.

This terms of reference was last revised and reviewed on 24 February 2022.

1. Objectives

The primary function of the Risk Management Committee (“RMC”) is to assist the Board in fulfilling the following oversight objectives on the Group’s activities:

- Identify, coordinate, review and assess the Group’s business risk and processes of Leader Steel Holdings Berhad and all its subsidiaries and significant associates, including joint-ventures (the “Group”)
- Overseeing the risk management framework of the Group;
- Reviewing and recommending an appropriate risk management strategy so as to ensure that business and operational risks are effectively addressed by the Group;
- Reviewing the adequacy and completeness of the Group’s risk management process and recommending improvements where required.

2. Composition of RMC

The RMC will be made up of the following persons:

- a. Managing Director (“MD”)
- b. General Manager
- c. Senior Treasury and International Trade Manager
- d. Finance Manager
- e. Internal Auditor (Risk Management Coordinator)

The MD will be the Chairman of the RMC.

3. Secretary to RMC

The Internal Auditor shall act as the Risk Management Coordinator or in her absence, another person authorised by the Chairman of the Committee.

4. Meetings

The RMC shall meet at least twice a year ie on half yearly basis.

5. Reporting Procedures

The Risk Management Coordinator shall be responsible for keeping the minutes of the meeting of the Committee and make it available to all members of the Board upon request. The Committee, through its Chairman, shall report to the Audit Committee at the next Audit Committee meeting held after each Committee meeting.

6. Meeting Procedures

The Committee shall regulate its own procedures, in particular:

- (a) the calling of meetings;
- (b) the notice to be given to such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

7. Quorum

The quorum for any meetings shall be at least 75% of the members.

8. Attendance by Invitation

Other Directors, key executives and employees may attend any particular meeting only at the Committee's invitation.

9. Authority of the RMC

The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:

- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any information pertaining to the Company;
- Be able to obtain independent professional advice; and
- Be able to secure the attendance of external advisers and shall have the discretion to decide who else other than its own members to attend meetings, if it thinks fit.

10. Duties and Responsibilities

The duties and responsibilities of the Committee shall be:

- To develop, implement and review the risk management framework, risk strategies, risk appetite and objectives of the Group;

- To monitor the management's risk management practices and procedures;
- To develop and maintain the risk management procedures and methodologies of the various departments;
- To review the adequacy and completeness of the Group's risk management process and recommend improvement where deemed necessary;
- To develop the Group risk profile and review the risk management reports which include management's action plan and implementation status from the management;
- To report and monitor the risk management priorities and progress of risk mitigation plan, including oversight of reporting to the Board on an exception basis, where required, and routinely on matters of regular interest of the Board; and
- To undertake any such projects or responsibilities as may be agreed by the Committee, Audit Committee and the Board.

11. Review

The terms of reference will be subjected to review from time to time by the Committee and any amendments are to be approved by the Board before becoming effective.

1. Introduction

In formulating this policy, Leader Steel Holdings Berhad (“Leader Steel” or “LSHB” or “the Company”) has taken into account the recommendations contained in the Malaysian Code on Corporate Governance (MCCG) 2012 and its disclosure obligations contained in the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa”).

2. IR Structure and Responsibility

The Company has established the following Investment Relations (“IR”) structure and responsibility for the implementation of IR programme and strategy:-

Spokespersons:

| | |
|------------|--------------------------------------|
| Primary: | Group Managing Director (“Group MD”) |
| Secondary: | Group GM |

The Group MD and Group GM have been appointed to communicate with audience constituents and respond to questions in relation to the corporate vision, strategies, developments, future prospects, financial results and plans, operation matters, etc.

3. Mode of Disclosure

The Company makes use of a broad range of communication channels to disseminate information regarding the Company. These would include:

- 3.1 Electronic facilities provided by Bursa;
- 3.2 Press releases;
- 3.3 Corporate website;
- 3.4 Emails;
- 3.5 Road shows or events; and
- 3.6 Annual General Meetings / Extraordinary General Meetings

4. IR Programme and Strategies

The Company has the following programmes and strategies in place to bridge and enhance the relationship with investors or potential investors:-

4.1 Announcement of Material Information and Press Release

After the approval from the Board of Directors on releasing of material information, an announcement is made to the Bursa Exchange or a company press release will be issued to all major newspapers.

4.2 Annual General Meeting or Extraordinary General Meeting or Press Conference

The Annual General Meeting / Extraordinary General Meeting / Press Conference is held to communicate with the shareholders on the Company's performance, strategy, proposed corporate exercises, outlook, operational matters, etc.

4.3 Annual and Quarterly Financial Reports

The Annual Report and Quarterly financial reports are submitted to the Bursa Exchange and also available on the corporate website of the Company.

4.4 Meetings or Interviews with Investors, Analysts and Media

The spokespersons will meet the shareholders, analysts or media to update them on the Company's performance, strategy, development, etc.

4.5 Participate in Investor Relations Web Portal

The Company has established a company website including the creation of an IR web portal to reach out to current and potential investors.

5. Reports and Rumours

5.1 Analysts' reports

It is the Company's policy not to provide focused guidance to analysts in their efforts to develop their financial reports or earnings estimate of the Company. The Company will point out factual errors or assumptions which are inconsistent with previously announced information.

5.2 Rumours

It is the Company's policy not to respond or comment on market rumours and speculation, unless they appear to contain material information or misinformation, or may be reasonably expected to affect the price of the Company's securities or trading activity in those securities.

6. Obtaining Feedback

The Company has developed various channels for shareholders and major stakeholders include: customers, employees, financiers, shareholders and communities to provide their comments and feedback. The Company will consider the relevant comments and feedback received in establishing its corporate strategy.

7. Periodic Review

This policy shall be reviewed from time to time by the Board when deemed necessary.

8. Contact Details

| | | |
|----------|------------------------------|----------|
| Contact: | Primary | Group MD |
| | Secondary | Group GM |
| T: | +604 507 1515 (Hunting Line) | |
| F: | +604 507 9527 507 9537 | |
| E: | info@leadersteel.my | |

9. Effective Date

This policy is dated 29 May 2014.

REMUNERATION POLICY AND PROCEDURES FOR DIRECTORS AND SENIOR MANAGEMENT

1. Introduction

This policy sets out the criteria to be used in recommending the remuneration package of Directors and Key Senior Management (“KSM”) of Leader Steel Holdings Bhd (“Leader Steel” or “LSHB” or the “Company”) and is in line with the best practice provisions of the Malaysian Code on Corporate Governance (MCCG) 2012 and its subsequent revisions.

KSM refers to senior management staffs holding key management position in the Group including but not limited to Chief Executive Officer, Chief Operating Officer and Chief Financial Officer who are not holding a position as a Director of the Company

2. Objectives

This policy is designed to:

- 2.1 Determine the level of remuneration package of Directors and Group MD and KSM;
- 2.2 Attract, develop and retain high performing and motivated Directors and Group MD and KSM with a competitive remuneration package;
- 2.3 Provide a remuneration such that the Directors and Group MD and KSM are paid a remuneration commensurate with the responsibilities of their position; and
- 2.4 Encourage of value creation for the Company and its Stakeholders.

3. Remuneration Components

3.1. Fixed Remuneration for Group MD, Executive Directors and KSM

The fixed salary is determined according to:

- The scope of the duty and responsibilities;
- The conditions and experiences required;
- The ethical values, internal balances and strategic targets of the Company;
- The corporate and individual performance; and
- Current market rate within the industry and in comparable companies.

3.2. Bonus

The bonus in the case of Group MD, Executives Directors and KSM is designed to reward outstanding performance.

The bonus is granted to reflect the Group MD, Executive Directors and KSM's performance as well as Group results. A discretionary assessment is made to ensure that all factors which include measurable and not directly measurable are considered.

3.3. Fixed Fee for Members of Board of Directors

The fixed fee is determined according to:

- On par with the rest of the market;
- Reflect the qualifications and contribution required in view of the Group's complexity;
- The extent of the duty and responsibilities; and
- The number of Board meetings

3.4. Other Benefits and Allowances for Members of Board of Directors

The benefits and allowances are determined by the Board per the Framework approved from time to time.

4. Periodic Review and Disclosure

The Remuneration Committee should conduct a review on an annual basis of the criteria to be used in the recommending the remuneration package of Directors, Group MD and KSM. The Remuneration Committee should promptly communicate the new changes or amendments of the criteria to the Board and individual Directors.

A copy of this policy shall be published on the Company's website.

5. Effective Date

This policy was last revised and reviewed on 24 February 2022.