

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors (“the Board”) of Latitude Tree Holdings Berhad (“LTHB” or the “Company”) is committed to achieve and maintain high standards of corporate governance within the LTHB and its subsidiaries (the “Group” or “LTHB Group”).

The Board is guided by the principles and recommendations as promulgated in the revised Malaysian Code on Corporate Governance (the “MCCG”) issued by Securities Commission on 26 April 2017 and Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) wherever applicable in the best interest of the shareholders of the Company.

This Statement should be read in conjunction with the Corporate Governance Report (“CG Report”), which is available on the Company’s website at www.lattree.com. The CG Report sets out the key aspects of how the Company has applied the principles and recommendations of the MCCG during the financial year and up to the date of this report.

Save for limited exceptions as explained within this statement and the CG report, the Board is satisfied that the practice set out in the MCCG have, in all material aspects, been applied to achieve the intended outcomes which are found to be suitable and appropriate to the Group.

A summary of the Company’s corporate governance practices with reference to MCCG is described below:

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

1.1. BOARD RESPONSIBILITIES

The Board is responsible for the proper stewardship of the Group’s business direction and objectives, and ultimately the enhancement of long-term shareholders’ value.

The roles of the Board, Board Chairman, Board Committee and Managing Director are clearly defined in the Board Charter to ensure accountability and division of responsibilities. The Board Charter is subject to review by the Board periodically to ensure it remain consistent with the Board’s objectives and responsibilities. The Board Charter is available on the Company’s website, www.lattree.com.

The Managing Director is empowered by the Board to oversee the management and business operation of the Group. The Managing Director is accountable to the Board for the authority that is delegated to him, and for the performance of the Group.

The Board monitors the decisions and actions of the Managing Director and the performance of the Group to gain assurance that progress is being made towards the corporate objectives.

The Board has primary responsibility for the governance and management of the Group and fiduciary responsibility for the financial health of the Group. The Group acknowledges the importance of having an effective Board to lead and control the Group. The principal responsibilities of the Board include:

- a) Reviewing and adopting the business plan and overall strategic direction for the Group
 - The Board provides insights and guidance to the Managing Director and Management to achieve corporate objectives of the Group. The Board reviews the strategic business plan presented by the Managing Director and Management.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.1. BOARD RESPONSIBILITIES (cont'd)

- b) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed
 - The Managing Director is accountable to the Board to ensure effective implementation of the Group's business plan and policies approved by the Board as well as to manage the daily conduct of the business to ensure its smooth operation. At each meeting, the Managing Director will report to the Board a summary report on the performance and activities of the Group including specific proposals for capital expenditure and acquisitions, if any.
- c) Identifying principal risks and ensure the implementation of appropriate systems to manage these risks
 - The oversight of the Group's risk management process is the responsibility of the Managing Director who is assisted by the Heads of Department of the respective operating subsidiaries. The Company has established a Risk Management Committee ("RMC") whom together with the Audit Committee, are responsible for ensuring more effective and efficient identification, evaluation, management and reporting of Group's risks. Details on the function of RMC are set out in the Statement on Risk Management and Internal Control on page 31 of this Annual Report.
- d) Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Executive Directors and Senior Management
 - The Board noted the importance of succession planning to the Group. A succession planning policy has been established to address the possibility of replacing Executive Directors and Senior Management if circumstances required.
- e) Developing and implementing an investor relations programme or shareholder communications policy for the Group
 - The Company's website, www.lattree.com, incorporates an Investor Relations section which provide all relevant information on the Company and accessible by the public. The information available in the website includes Financial Reports, Company's announcements, Annual General Meeting ("AGM") minutes as well the corporate and governance structure of the Company.
- f) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines
 - The Board acknowledges the importance of establishing a sound system of internal control. An Enterprise Wide Risk Management Framework has been established to manage risks and to safeguard shareholders' investment and the Group's assets. Details on the framework are set out in the Statement on Risk Management and Internal Control on page 31 of this Annual Report.
- g) Determining the remuneration of Non-Executive Directors, with the individuals concerned abstaining from discussions of their own remuneration
 - The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The Board recommends the Directors' fees payable to Non-Executive Directors on a yearly basis to the shareholders for approval at the Annual General Meeting ("AGM").

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.1. BOARD RESPONSIBILITIES (cont'd)

- h) Ensuring the Company's financial statements are true and fair and conform to any applicable laws and/or regulations
 - The Board considered and reviewed the integrity of information in the financial statements and quarterly reports based on the recommendation from Audit Committee to ensure the financial statements presented are true and fair and in compliance with regulatory requirements.
- i) Ensuring the Company has appropriate corporate governance structure in place
 - The Group has established and adopted a Code of Conducts and Ethics for Directors and employees ("the Code"). The Code has been circulated to all employees of the Group and each employee is contractually bound to abide by the Code. The Code for Directors is available in the Company's website, www.lattree.com.
- j) Deciding on necessary steps to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.

To ensure effective functioning of the Board, the Directors are given full access to information through the following means:

- i) Management and external advisers may be invited to the Board and Board Committees' meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agendas and to report or present areas within their responsibility to ensure the Board is able to effectively discharge its responsibilities.
- ii) Information provided to the Board and Board Committees are compiled into reports via the Board and Board Committees papers circulated to Directors prior to the Board and Board Committees' meetings, to enable the Board and Board Committees to make decisions and to deal with matters arising from such meetings.
- iii) Directors have ready and unrestricted access to the advice and services of the Company Secretaries.
- iv) Directors may obtain independent professional advice at the Company's expense in furtherance of their duties, where this is deemed necessary, after consultation with the Chairman and other Board members.

The notice of a Board meeting is given in writing at least seven (7) days prior to the meeting. The agenda has included, amongst others, matters specifically reserved for the Board's decision.

The Management ensure that Board has full access to information with regard to the activities within the Group and to the advice and services of the Company Secretaries, who are responsible for ensuring the Board meeting procedures are adhered to. All matters discussed and resolutions passed at each Board Meeting are recorded in the minutes of the Board meeting.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.1. BOARD RESPONSIBILITIES (cont'd)

The Board held five (5) meetings during the financial year and details of attendance of each Director is as follows:

Name	Attendance
Dato' Dr Norraesah Binti Haji Mohamad # (Appointed on 1 November 2018)	3/3
Lin Chen, Jui-Fen	5/5
Lin, Chin-Hung	5/5
Toh Seng Thong #	5/5
Yek Siew Liong # #	5/5

Denotes Independent Non-Executive Director

Denotes Non-Independent Non-Executive Director

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

The removal of Company Secretaries, if any, is a matter for the Board, as a whole, to decide. Every Director has unhindered access to the advice and services of the Company Secretaries.

Whistle Blowing Policy

As part of the Group's continuous efforts to ensure that good corporate governance practices are being adopted, the Group has an established Whistle Blowing Policy to provide a clear line of communication and reporting of concerns for employees at all levels.

The Whistle Blowing Policy covers the safeguards of whistle blowers, reporting procedure and investigation process which have been circulated to all employees of the Group.

1.2. BOARD COMPOSITION

During the financial year, the Board consists of five (5) members; comprising two (2) Independent Non-Executive Director, one (1) Non-Independent Non-Executive Directors and two (2) Executive Directors of which one (1) is the Managing Director. The composition of the Board reflects a balance of Executive and Non-Executive Directors to ensure that the interest of not only the Group, but also stakeholders and the public in general are represented in all business strategies formulation and adoption.

The qualification and experience of the Directors are set in the Profile of Board of Directors on pages 12 to 14 of this Annual Report. The Board is satisfied with its current composition which comprises the balanced mix of operational skills of the Executive Directors in the wooden furniture manufacturing industry with the professional expertise of the Non-Executive Directors in the fields of manufacturing, auditing and accounting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.2. BOARD COMPOSITION (cont'd)

To ensure the effective discharge of its functions and responsibilities, the Board has established and delegated certain power and responsibilities to the Board Committees which have been set up, namely the Audit Committee, Nomination Committee and Remuneration Committee.

The Board Committees are entrusted with specific powers and responsibilities to oversee the relevant matters, in accordance with their respective Terms of References and operating procedures and the Board receives reports of their proceedings and deliberations. The Chairman of the respective committees will report to the Board the outcome of these meetings and such reports are incorporated into the Board papers. These committees were formed in order to ensure an optimum structure for efficient and effective decision-making in the organisation.

The Board remains fully responsible for the direction and control of the LTHB Group.

Nomination Committee

The members of the Nomination Committee (“NC”) consist of three (3) Non-Executive Directors and meet as and when required. The current members of the NC are:

Chairman:

Dato’ Dr Norraesah Binti Haji Mohamad

(Appointed on 1 November 2018)

Independent Non-Executive Director

Members:

Toh Seng Thong

Independent Non-Executive Director

Yek Siew Liong

Non-Independent Non-Executive Director

The main duties and activities of NC are as follows:

i) Appointment Process

The Board, through the NC’s annual appraisal, believes that the current composition of the Board brings the required mix of skills and core competencies required for the Board to discharge its duties effectively.

The NC is responsible for making recommendations to the Board on the suitability of candidates nominated for appointment to the Board and Board Committees. A formal and transparent procedures for appointment of directors was set out in the Policies Governing the Board of Directors which is published on the Company’s website, www.lattree.com.

The decision as to who should be appointed is the responsibility of the full Board after considering the recommendations of the NC. The Company Secretaries will ensure that all appointments are properly made; all the necessary information is obtained as well as all legal and regulatory obligations are met.

During the financial year under review, the NC had reviewed and recommended the appointment of Dato’ Dr Norraesah Binti Haji Mohamad as Independent Non-Executive Director and Chairman of the Board, replacing the late Dato’ Haji Shaharuddin Bin Haji Haron to the Board for approval. The approval for appointment of Dato’ Dr Norraesah Binti Haji Mohamad took effect on 1 November 2018.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.2. BOARD COMPOSITION (cont'd)

*i) **Appointment Process (cont'd)***

On appointment of senior management, the NC focuses on their working experience, skills set, competencies, qualifications, integrity and commitment in the assessment of the identified senior management personnel before recommending for approval of the Board. The criteria for the recruitment/appointment of senior management are available in the Policies Governing the Board of Directors which is published on the Company's website.

The Board is presently of the view that there is no necessity yet to fix a specific gender diversity policy as the Board has two (2) female directors. The appointment of any Director(s) should be based on their merit, qualification and working experience and the Board is supportive of gender equality.

*ii) **Re-election/Re-appointment of Directors***

In accordance with the Company's Constitution, any Director appointed during the year is required to retire and seek re-election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment and that one third (1/3) of the Board members are required to retire at every AGM and be subject to re-election by shareholders. All Directors, including the Managing Director shall retire from office at least once in every three years but shall be eligible for re-election.

Pursuant to the Constitution of the Company, Mr Lin, Chin-Hung and Mdm Lin Chen, Jui-Fen will retire by rotation at the Twenty-Fifth ("25th") AGM of the Company and be eligible and had offered themselves for re-election.

The NC and the Board are satisfied that the Directors, who are required to stand for re-election at the 25th AGM, continue to demonstrate the necessary commitment to be fully effective members of the Board and Board Committees.

*iii) **Board Evaluation***

The Board regularly evaluates its performance and the governance processes that support the Board's work with the aim of improving individual contributions, effectiveness of the Board and its committees and LTHB's performance.

The effectiveness of the Board is assessed in the areas of the Board structure and composition, meeting process, administration and conduct, relationship with Management, Board responsibilities, as well as the effectiveness of the Board Chairman. Whilst, the effectiveness of Board Committees is assessed in terms of composition, processes, responsibilities, as well as the effectiveness of the Chairman and each members of the respective Board Committees.

The NC also assessed the performance of individual Directors based on integrity and ethics, contribution and interaction, knowledge, judgement and decision making, understanding of role and leadership. The NC determined the training needs of Directors via Board Annual Assessment to ensure the Board remain relevant and progressive.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.2. BOARD COMPOSITION (cont'd)

iii) Board Evaluation (cont'd)

According to Practice 4.2 of MCCG, if the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process. Mr Toh Seng Thong, Independent Non-Executive Director has served the Board of LTHB for more than twelve (12) years. His tenure of service is set out in the Profile of Board of Directors of this Annual Report.

The Board has via the NC conducted an annual performance evaluation and assessment on the Independent Directors and is of the opinion that Dato' Dr Norraesah Binti Haji Mohamad and Mr Toh Seng Thong remains objective and independent in expressing their views.

Based on the recommendation of the NC, the Board will be seeking the shareholders' approval in the 25th AGM for Mr Toh Seng Thong to continue as Independent Non-Executive Director of the Company by way of ordinary resolution. The justifications for his continuation as Independent Non-Executive Director is disclosed in the Notice of the AGM.

A summary of works undertaken by the NC in the discharge of its duties during the financial year are as follows:

- Reviewed and recommended the appointment of Dato' Dr Norraesah Binti Haji Mohamad as Independent Non-Executive Director and Chairman of the Company to the Board for approval;
- Reviewed and evaluated the required mix of expertise and experience including core competencies of the Board as a whole, the Committees of the Board and role of each individual Director towards the accomplishment of the Board's duties/responsibilities;
- Assessed the independence of the Independent Directors, based on the criteria of independence as set out in MMLR of Bursa Securities;
- Reviewed the term of office and performance of Audit Committee and each of its members;
- Assessed and identified the training needs of Directors for continuous education purpose; and
- Assessed, considered and recommended to the Board, the Directors for re-election/re-appointment at the 25th AGM.

During the financial year, the Directors have attended and participated in various training programme based on the recommendation of NC from the findings of the Board Annual Assessment on the training needs. The trainings or seminars attended by the Directors during the financial year include:

Director	Trainings/Seminars Attended
Dato' Dr Norraesah Binti Haji Mohamad	- Women Business Network (World Islamic Economic Forum) Social Media Workshop for Women Entrepreneurs
	- Ahli Panel Slot Bicara Wanita Jaya Sempurna Program Bicara Peladang Nita Lembaga Pertubuhan Peladang (LPP)
	- Women Business Network (World Islamic Economic Forum) Women Workshop Program



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.2. BOARD COMPOSITION (cont'd)

iii) Board Evaluation (cont'd)

Director	Trainings/Seminars Attended
Lin Chen, Jui-Fen	Breakfast Series: Companies of the Future – the Role for Boards
Lin, Chin-Hung	Breakfast Series: Companies of the Future – the Role for Boards
Toh Seng Thong	National GST Conference 2018 Case Study Workshop for Independent Directors Risk Management Conference 2018
Yek Siew Liong	National Tax Conference 2018

The NC meeting held during the financial year under review and details of attendance of each NC member is as follows:

	No. of NC Meeting Held	No. of NC Meeting Attended
Dato' Dr Norraesah Binti Haji Mohamad (Appointed on 1 November 2018)	1	1
Toh Seng Thong	1	1
Yek Siew Liong	1	1

1.3. REMUNERATION

Remuneration Committee

The members of the Remuneration Committee ("RC") consist of three (3) Non-Executive Directors and meet as and when required. The current members of the RC are:

Chairman:

Dato' Dr Norraesah Binti Haji Mohamad

(Appointed on 1 November 2018)

Independent Non-Executive Director

Members:

Toh Seng Thong

Independent Non-Executive Director

Yek Siew Liong

Non-Independent Non-Executive Director

The duties of the RC shall be to recommend to the Board the remuneration of the Executive Directors in all its forms. Executive Directors should play no part in decisions on their own remuneration. The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussion of their own remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.3. REMUNERATION (cont'd)

Remuneration Committee (cont'd)

The fees paid to the Non-Executive Directors are determined by the Board. The remuneration packages of Senior Management are determined by the Executive Directors.

The RC follows formal and transparent policy and procedures when deciding the remuneration packages of the Executive Directors, which is in line with the Group's overall practice on compensation and benefits, which is to reward employees competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, it takes into account comparable roles in similar organisations.

The remuneration of the Board of Directors is determined by (i) the amount of time commitment of the director concerned channels toward the Company; (ii) the expertise and skills that the director concerned brings to the Board; (iii) the business strategy and long-terms objectives of the Company, and (iv) the number of Board Committees that the director sits on, as well as in what capacity (i.e. Chairman or member). The remuneration policies and procedures governing the remuneration of executive directors, independent directors and senior management are available in the Policies Governing the Board of Directors which is published on the Company's website.

The RC meeting held during the financial year under review and details of attendance of each RC member is as follows:

	No. of RC Meeting Held	Attended
Dato' Dr Norraesah Binti Haji Mohamad (Appointed on 1 November 2018)	1	1
Toh Seng Thong	1	1
Yek Siew Liong	1	1

The details of aggregate remuneration of Directors during the financial year are as follows:

Company

Remuneration	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Salaries and other emoluments	12	-	12
Benefits payables	-	29	29
Fees	-	244	244
Total	12	273	285



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.3. REMUNERATION (cont'd)

Remuneration Committee (cont'd)

Group

Remuneration	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Salaries and other emoluments	1,778	-	1,778
Benefits payables	-	29	29
Fees	-	244	244
Total	1,778	273	2,051

The number of directors of the Company whose total remunerations during the financial year fell within the following bands is analysed below:

Company

Range of remuneration	Number of Executive Directors	Number of Non-Executive Directors
Below RM50,000	2	-
RM50,001 – RM100,000	-	3
Total	2	3

Group

Range of remuneration	Number of Executive Directors	Number of Non-Executive Directors
RM50,001 – RM100,000	-	3
RM500,001- RM600,000	1	-
RM1,100,001- RM1,200,000	1	-
Total	2	3

The Board is of the view that the disclosure of Senior Management's remuneration on a named basis will not be in the best interest of the Group, as it will give rise to recruitment and talent retention issues and may lead to the performing Senior Management staffs being lured away by the competitors and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance. Alternatively, the Company has disclosed the aggregate total remuneration of all the key management personnel for the financial year ended 30 June 2019, under Note 30(b) to the Financial Statements on page 121 of the Company's Annual Report 2019. This coincides with the requirements of Paragraph 17 of MFRS 124: Related Party Disclosures.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

2.1. AUDIT COMMITTEE

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial position and prospects via the quarterly announcements of results and the publishing of audited financial statements via the annual report distributed to shareholders yearly.

The Board is assisted by the Audit Committee ("AC") to oversee the Group's internal control function, financial reporting processes and the quality of its financial reporting with particular emphasis on the application of accounting standards, policies and the making of reasonable and prudent estimates and assumptions. The composition of the AC shall comply with the requirements of Paragraphs 15.09 and 15.10 of the MMLR of Bursa Securities, with majority of them being independent. The members of the AC elected a Chairman from among its members who is an Independent Director and is a member of Malaysia Institute of Certified Public Accountants and Malaysian Institute of Accountants.

A summary of the works of the AC on financial reporting and oversight role on external and internal auditors during the financial year is set out in the AC Report on pages 34 to 37 of this Annual Report.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 47 of this Annual Report.

The AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. To-date, the Company has not appoint any former key audit partner as director of the Company.

Assessment of suitability and independence of External Auditors

The Board maintains an active, transparent and professional relationship with its External Auditors ("EA") through AC, which has been conferred with the authority to interface directly with the external auditors of the Group.

The AC reviews and assesses the suitability and independence of EA of the Company on an annual basis. The annual review and assessment is carried out via assessment questionnaires. The areas for assessment of the EA cover, inter-alia, their technical competencies, independence, objectivity, professionalism, quality of services, sufficiency of resources and communication and interaction with the EA.

The AC has received an annual written confirmation of the EAs' independence in accordance with its firm's requirements and the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants. Messrs Ernst & Young was appointed as the external auditors of the Company on 21 December 2010.

The EA provide mainly audit-related services to the Company. The provision of non-audit services is reviewed by the AC to ensure that such services do not impair the EAs' independence or objectivity.

The AC has also taken note of the non-audit services and the fees charged by the EA and considered the quantum of the fee which was not material as compared with the total audit fee paid to the EA, has concluded that the provision of such services did not compromise the EAs' independence and objectivity.

The AC had in September 2019 assessed the performance of the EA and was satisfied with their performance, technical competence and audit independence.

The Board, based on the recommendation by the AC, recommended the re-appointment of Messrs Ernst & Young as the EA of the Company at the forthcoming AGM.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

2.2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has ultimate responsibility for reviewing the Company's risks, approving the Enterprise-Wide Risk Management Framework ("ERM") and policies and overseeing the Company's strategic risk management and internal control framework.

The Company has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. The Risk Management Committee ("RMC"), which is not a board committee and chaired by the Managing Director, comprising members from the Heads of Department of respective operating subsidiaries with risk and business management knowledge and experience has been established by the Company to regularly review the ERM and policies formulated by the respective local management and makes relevant recommendations to the Board for approval.

The Board through the AC and RMC reviews the key risks identified by the RMC on a regular basis to ensure proper management of risks and that measures are taken to mitigate any weaknesses in the control environment.

The key features of the ERM are set out in the Statement on Risk Management and Internal Control of the Company on page 31 of this Annual Report.

Internal audit function

The Board has established an internal audit function within the Company, which is led by the out-sourced Internal Auditor, Axcelasia Columbus Sdn. Bhd. who reports directly to the AC.

Details of the Company's internal control system and framework as set out in the Statement on Risk Management and Internal Control together with AC Report of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

3.1 COMMUNICATION WITH STAKEHOLDERS

The importance of keeping shareholders informed of developments concerning the Group is high on the agenda.

The shareholders are kept abreast of all important developments concerning the Group through regular and timely dissemination of information via quarterly financial announcements through Bursa Securities' website, distribution of annual report and various other announcements made during the financial year. These will enable the shareholders, investors and members of public to have an overview of the Group's performance and hence, will enable them to make any informed investment decision in relation to the Group.

The Company's website, www.lattree.com, provides an avenue for information, such as dedicated sections on corporate information, including financial information and announcements. The website is continuously updated to ensure that the information contained within is correct.

The Board has in place a Corporate and Communication Disclosure Policy to ensure the dissemination of information to shareholders and stakeholders is in accordance with the disclosure requirements under the MMLR of Bursa Securities and other applicable laws.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

3.1 COMMUNICATION WITH STAKEHOLDERS (cont'd)

While the Company endeavors to provide as much information as possible to its shareholders and stakeholders, it is also be wary of the legal and regulatory framework governing the release of material and price-sensitive information. The Company takes into account the prevailing legislative restrictions and requirements as well as the investors' needs for timely release of price sensitive information such as financial performance results and statements, material acquisitions, significant corporate proposals as well as other significant corporate events when releasing such information.

Shareholders and other interested parties may contact the Managing Director, to address any concerns by writing or via telephone or facsimile as follows:

Address : Latitude Tree Holdings Berhad
Lot 3356, Batu 7³/₄, Jalan Kapar,
42200 Kapar, Selangor Darul Ehsan, Malaysia

Telephone : 603-3291 5401

Fax : 603-3291 0048

Website : www.lattree.com

3.2. CONDUCT OF GENERAL MEETINGS

The Board fully recognises the rights of shareholders and encourages them to exercise of their rights at the Company's AGM.

It has also been the Company's practice to send the Notice of the AGM and related papers to shareholders at least twenty-one (21) clear days before the meeting. The date, venue and time of these meetings are determined to provide the maximum opportunity for as many shareholders as possible to attend and participate either in person, by corporate representative or by proxy.

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, the Company must ensure that any resolution set out in the notice of general meetings is voted by poll and at least one (1) scrutineer must be appointed to validate the votes at the general meeting who must not be an officer of the Company and its related corporation, and must be independent of the person undertaking the polling process.

All resolutions put forth for shareholders' approval at the Twenty-Fourth ("24th") AGM held on 27 November 2018 were voted by poll and a scrutineer was appointed to validate the votes.

The AGM is the main forum where dialogue with shareholders can be effectively conducted. Shareholders are given reasonable time to ask questions pertaining to issues in the Annual Report, corporate developments on the business of the Group and resolutions proposed and to vote on all resolutions proposed. Those unable to attend are allowed to appoint proxies to attend and vote on their behalf. During the meeting, the Managing Director and the Executive Directors are prepared to provide responses to queries and to receive feedback from the shareholders.

EA are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

OTHER INFORMATION PURSUANT TO THE MMLR OF THE BURSA SECURITIES

The information set out below is disclosed in compliance with the MMLR of Bursa Securities.

4.1. UTILISATION OF PROCEEDS

There was no corporate exercise carried out during the financial year ended 30 June 2019 to raise funds.

4.2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to external auditors by the Group and the Company for the financial year ended 30 June 2019 are as follows:

	Group (RM'000)	Company (RM'000)
Audit fees	493	62
Non-audit fees	38	38
Total	531	100

4.3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by LTHB and/or its subsidiaries which involve Directors' and major shareholders' interests during the financial year ended 30 June 2019.

CONCLUSION

The Board is supportive of all the Recommendations of the Code and will take reasonable steps and also review the existing policies and procedures in place from time to time to ensure full compliance thereof.

The Board is satisfied that the Company has substantially complied with the Principles and Recommendations of the Code.

This Statement is made in accordance with the Board of Directors' approval. This Statement is dated 27 September 2019.