



Latitude Tree Holdings Berhad

Board Charter

1. Preamble

The enhancement of corporate governance standards is vital towards achieving the objectives of transparency, accountability and effective performance for Latitude Tree Holdings Berhad (“Latitude Tree” or “the Company”) and its Group of companies (“the Group”). It is with the aim of enshrining concepts of good governance as promulgated in the Malaysia Code on Corporate Governance (“the Code”) that this Board Charter (“Charter”) is established.

The Charter serves as a reference point for Board activities and should not be construed as a blueprint for Board operations. 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 Latitude Tree should always be open to new opportunities and ready to confront new challenges brought about by change.

This Charter is designed to provide guidance and clarity for directors and management with regards to the roles 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.

2. Interpretation

2.1 In this Charters

“Board” means the board of directors of the Company;

“Business” means the business of the Company;

“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;

“Management” means the management personnel of the Company;

“Shareholders” means the shareholders of the Company;

“MD” means the Managing Director of the Company.

“Independent Director” is defined in accordance to Paragraph 1.01 of the Kuala Lumpur Stock Exchange (“KLSE”) Listing Requirements. An independent director is a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of an applicant or the Company. Without limiting the generality of the foregoing, an independent director is one who:-

- a. is not an executive director of the Company or any related corporation of the Company;
- b. has not been within the last two (2) years and is not an officer (except as independent director) of the Company or related corporation of the Company. For this purpose, “officer” shall have the meaning given in section 4 of the Companies Act 1965;



- c. is not a major shareholder of the Company, or any related corporation of the Company. Major shareholder shall carry the same meaning as that prescribed under Paragraph 1.01 of the KLSE Listing Requirements;
- d. is not a relative of any executive director, officer or major shareholder of the Company or its related corporation. For this purpose, “relative” means the spouse, parent, brother, sister, child (including adopted or step child) and the spouse of such brother, sister or child;
- e. is not acting as a nominee or representative of any executive director or major shareholder of the Company or any of its related corporation;
- f. is not engaged as a professional adviser by the Company or any of its related corporation either personally or through a firm or company of which he is a partner, director or major shareholder, as the case may be; or
- g. has not within the last two (2) years and does not engage in any transaction with the Company or its related corporation, whether by himself or with other persons or through a firm of which he is a partner, director or major shareholder, as the case may be, the value of which exceeds RM 250,000.

“Listing Requirements” means the KLSE Listing Requirements.

3. Role of the Board

- 3.1 The board is responsible for the stewardship of Latitude Tree’s business and affairs on behalf of the shareholders with a view to enhancing long-term shareholder value whilst taking into account the interests of other stakeholders and maintaining high standards of transparency and accountability.
- 3.2 The Board reserves 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.
- 3.3 The principal responsibilities of the Board as adopted from the Code are:
 - reviewing and adopting a strategic plan for the Company;
 - overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed;
 - identifying principal risks and ensure the implementation of appropriate systems to manage these risks;
 - succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing executive directors and Senior Management;
 - developing and implementing an investor relations programme or shareholder communications policy for the Company;
 - reviewing the adequacy and the integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
 - determining the remuneration of non-executive directors, with the individuals concerned abstaining from discussions of their own remuneration; and
 - ensuring that the Company adheres to high standards of ethics and corporate behavior.



- 3.4 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, Monthly Management Reports, the budget, financial statements, divisional strategic/performance reviews reports and risk management reports.

4. Board Structure

4.1 Board Balance and Mix

- 4.1.1 The Board recognises the importance of the independence and objectivity in the decision making process. At least one third of the Board is to comprise of independent non-executive directors.
- 4.1.2 It is also important for the Board to keep its size at a reasonable level. 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.
- 4.1.3 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 memberships 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, sounds practical sense, and total commitment to furthering the interests of shareholders and the achievement of the Company's goals.
- 4.1.4 The Board recognises the principle of equality in gender, national, religion and race. The Board places this above the need for boardroom diversity.
- 4.1.5 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 MD separate.

4.2 Role of the Chairman

- 4.2.1 The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The Chairman is primarily responsible for;
- Representing the Board to shareholders;
 - Ensuring the integrity of the governance process;
 - Maintaining regular dialogue with the 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;
 - 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;

- Ensuring 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;
- Ensuring that executives directors look beyond their executive function and accept their full share of responsibilities of governance;
- Guiding and mediating Board actions with respect to organisational priorities and governance concerns;
- Undertaking the primary responsibility for organising information necessary for the Board to deal with items on the agenda and for providing this information to directors on a timely basis; and
- Performing other responsibilities assigned by the Board from time to time.

4.3 Role of the MD

- 4.3.1 The position of the MD in essence is to ensure the effective implementation of the Group's Business Plan and policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth operation.
- 4.3.2 The MD, in association with the Chairman, is accountable to the Board for the achievement of the Group's goals and objectives and the MD is accountable to the Board for the observance of management limitations.
- 4.3.3 At each of its scheduled meetings, the Board should expect to receive from or through the MD:
- Summary reports on the performance and the activities from the Company's subsidiaries and specific proposals for capital expenditure and acquisitions; and
 - Such assurances as the Board considers necessary to confirm that the management limitations are being observed.
- 4.3.4 The MD is expected to act within all specific authorities delegated to him or her by the Board.
- 4.3.5 Generally, the MD is responsible to the Board for the following:
- 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;
 - Effectively oversee the human resources of the organisation with respect to key positions in the Group hierarchy, determination of remuneration as well as terms and conditions of employment for senior management and issues pertaining to discipline;
 - Assures the Group that its corporate identity, products and services are high standards and are reflective of the market environments;
 - Assists in the selection and evaluation of Board members through the Nomination and Remuneration Committees; and
 - Assist 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.



4.4 Tenure of Directors

- 4.4.1 Pursuant to the Company's Articles of Association, all directors must retire once at least every three (3) years but shall be eligible for re-election.
- 4.4.2 There is maximum age of 70 for directors. However, a Director who has attained the aged of 70 may be reappointed as a Director until the next annual meeting provided that the resolution must be passed by a majority of not less than three quarters of such members of the Company present and voting who, being entitled to do so, vote in person or by proxy at the General Meeting of the Company.
- 4.4.3 The tenure of the executive directors is tied to their executive office.

4.5 Company Secretary

- 4.5.1 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.
- 4.5.2 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.
- 4.5.3 Others primary responsibilities of the Company Secretary shall include:
- Ensure that Board procedures and applicable rules are observed;
 - Maintaining records of the Board and ensure effective management of organisation's records;
 - Preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
 - Assisting the communications between the Board and Management; and
 - Carrying out other functions deemed appropriate by the Board from time to time.

4.6 Board Committees

- 4.6.1 The Board reserves the right to establish Committees from time to time in the discharge of its duties and responsibilities. Where a Committee is formed, specific terms of reference of the committee would be established to cover matters such as the purpose, composition and functions of the committee.
- 4.6.2 A number of standing committees with written terms of reference has been established namely the following:-

a) Audit Committee

The Audit Committee assists and supports the Board's responsibility to oversee the Group's operations by providing a means for review of the Group's processes for producing financial data, its internal controls and independence of the Group's external and internal auditors. The terms of reference of the Audit Committee is attached under Appendix II.



b) Nomination Committee

The Nomination Committee oversees matters related to the nomination of new directors, annually review 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. The terms of reference of the Nomination Committee is attached under Appendix III.

c) Remuneration Committee

The Remuneration Committee is primarily responsible to recommend to the Board the remuneration of executive directors in all its form, drawing from outside advice if necessary. The terms of reference of the Remuneration Committee is attached under Appendix IV.

4.7 The Board's Relationship with Shareholders and Stakeholders

4.7.1 The Board will maintain an effective communications policy that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the public generally.

4.7.2 It is the role of the Board to ensure that the Annual General Meeting ("AGM") is conducted in an efficient manner and serves as a crucial mechanism in shareholders communications. Key ingredients behind this include the supply of comprehensive timely information to shareholders and the encouragement of active participation in the AGM. The Board will focus its efforts on the following best practices to enhance the value of the general meeting;

- 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;
- For re-election of directors, ensure that the notice of meeting state which directors are standing for election or re-election with a brief description to include matters such as age, relevant experience, list of directorships, date of appointment to the Board, details of participation in board committee and the fact that a particular director is independent;
- Ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate, the Chairman will also undertake to provide the questioner with a written answer to any significant question which cannot be answered immediately; and
- Conduct a business presentation with a question and answer session.

4.7.3 The MD shall take responsibility for addressing shareholder, stakeholder and analyst queries. In the performance of this responsibility, the MD shall be mindful of the regulatory requirements pertaining to price sensitive information.

5.0 Board Processes

5.1 Board meetings

5.1.1 Meetings will be conducted at least on a quarterly basis. The Company Secretary shall prepare and distribute a timetable for all required to attend the meetings.



5.1.2 Board members are required to attend the Board meetings. However, other senior officers may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as auditors, solicitors and consultants as and when the need arises.

5.1.3 Additional formal business is dealt with as required, whether by physical, videoconferencing or telephonic meetings, as well other electronic meetings defined in the Articles of Association. All 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.

5.2 Agenda

5.2.1 The notice of directors' meeting should be given in writing at least seven (7) days prior to the meeting. The Chairman in conjunction with the executive directors and the Company Secretary shall undertake the primary responsibility for preparing the Board's agenda. The agenda should include matters specifically reserved for the Board's decision.

5.3 Meeting papers

5.3.1 As a matter of best practice and to allow ample time for the directors to consider the relevant information, Board papers and agenda items are to be circulated in advance of the meeting. It is recommended that when there is a need to table a report, a brief précis findings and/or recommendations is prepared.

5.3.2 Minutes are prepared within fourteen (14) days following a Board meeting. The draft minutes will be circulated with the Board papers in readiness for signing at the following meeting. 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.

5.4 Access to Information

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

5.4.2 All Directors (executive and non-executive) have the same right of access to information relevant to the furtherance of their duties and responsibilities as directors of the Company, subject to a formal written request to the Chairman furnishing satisfactory and explicit justification for such a request.

5.5 Independent Professional Advice

5.5.1 A Director, in discharging his duties, may rely on information, professional or expert advice, opinions, reports or statements, including financial statements and other financial data prepared by officers of the Group and/or competent advisors recruited by the Group [Section 132(1C), CA] provided that such reliance are made in good faith and after making an independent assessment thereof having regard to the Directors' knowledge of the Group and the complexity of the structure and operation of the Group [Section 132(1D), CA].



5.5.2 The Director's rights above is further affirmed by Paragraph 15.04, of the Bursa Malaysia Listing requirements including but not limited to the following:

- (a) Unrestricted access to information during which they were Directors;
- (b) Advice and services of the Company Secretary; and
- (c) Independent professional advice, at the expense of the Company/Group;

whenever necessary and reasonable for the performance of his duties, and in line with procedures defined by the Board.

5.5.3 If a director considers that such advice is necessary, the director shall first discuss it with the Board and, having done so shall be free to proceed. The director should provide proper notice to the MD or the Company Secretary of the intention to seek independent advice and shall provide the name(s) of the professional advisors that he/she intends to contact, together with a brief summary of the subject matter for which professional advice is sought. The MD or the Company Secretary shall provide written acknowledgement of acceptance of notification. In the event that one or more directors seek to appoint one or more advisors, the Board should take steps to facilitate discussions to arrive at a consensus.

5.5.4 Fees for the independent professional advice will be payable by the Company/Group but proper approval of the Board will be required.

5.5.5 For avoidance of doubt, the above restriction shall not apply to executive directors acting in the furtherance of their executive responsibilities and within their delegated powers.

5.5.6 For the purposes of this section, independent professional advice shall include advice sought from legal experts, accountants or other professional advisor and consultants. Independent professional advice shall exclude any advice concerning the personal interests of the directors (such as with respect to their contracts or disputes with the Group), unless these are matters affecting the Board as a whole.

5.6 Induction Process

5.6.1 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.

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

- Time with other executive directors (in particular the Chairman, the Company Secretary and, if the independent director is a functional specialist, his or her counterpart);
- Furnishing of a copy of the previous board minutes for at least the past six (6) months; the business/strategic plan, pertinent Management reports; profile of key competitors and significant reports by management consultants on areas of board responsibilities;
- Visits to key sites; and



- A formal one (1) to two (2) day induction programme, including the elements above, and also presentations from various divisions on their strengths, weaknesses and ambitions.

5.7 Directors' External Commitments and Conflict of Interest

- 5.7.1 The Company's Articles of Association 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, 1965. The Director concerned shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising thereof.
- 5.7.2 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.
- 5.7.3 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.

5.8 Representation of the Company

- 5.8.1 The Board looks to the Managing Director to speak on behalf of Latitude Tree 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.
- 5.8.2 Non-Executive Directors with the possible exception of the Chairman 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.

5.9 The Company's Constitution and Management's Limits

- 5.9.1 The Board operates pursuant to the powers and subject to rules in the Memorandum and Articles of Association of the Company as adopted by the shareholders in general meeting.
- 5.9.2 The Management is expected to act within all specific authorities delegated to it by the Board.
- 5.9.3 The Management is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practices or professional ethics.