

LATITUDE TREE HOLDINGS BERHAD
(Registration No. 199401017151 (302829-W))
(Incorporated in Malaysia)

MINUTES OF THE TWENTY-FIFTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT PUTRA ROOM, KELAB GOLF SULTAN ABDUL AZIZ SHAH, NO. 1, RUMAH KELAB, JALAN KELAB GOLF 13/6, 40100 SHAH ALAM, SELANGOR DARUL EHSAN ON MONDAY, 25 NOVEMBER 2019 AT 2.00 P.M.

PRESENT:

DIRECTORS

- | | |
|--|---|
| Dato' Dr Norraesah Binti
Haji Mohamad (Chairperson) | - Also the proxy for HSBC Nominees (Asing) Sdn. Bhd.,
Ahmad Nadzarudin Bin Abdul Razak and Dang Thean
Chong |
| Lin Chen, Jui-Fen | - Also a shareholder |
| Lin, Chin-Hung | - Also a shareholder |
| Toh Seng Thong | |
| Yek Siew Liong | |

SHAREHOLDERS

The shareholders and proxyholders who attended the Meeting are set out in the Attendance Lists attached and shall form an integral part of these Minutes.

IN ATTENDANCE

- | | |
|----------------|--|
| Yeoh Joe Son | - Company Secretary and Financial Director |
| Wong Siew Yeen | - Company Secretary |

BY INVITATION

- | | |
|----------------|---|
| Fong Toh Wai | - Financial Controller |
| Teoh Soo Hock | - Representing Messrs Ernst & Young ("EY") |
| Ow Jing Ci | - Representing Boardroom Corporate Services Sdn. Bhd.
(Formerly known as Boardroom Corporate Services (KL)
Sdn. Bhd. ("Boardroom")) |
| Wong Xiao Huei | - Representing Boardroom |

CHAIRMAN

Dato' Dr Norraesah Binti Haji Mohamad being the Chairman of the Board of Director presided as Chairman of the Meeting and welcomed all members to the Meeting.

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The Chairman thereafter introduced the Board of Directors (“the Board”) and the Company Secretary to the shareholders.

QUORUM

The Company Secretary confirmed that a quorum was present for the Meeting. With the requisite quorum being present, the Meeting was called to order by the Chairperson.

NOTICE

With the consent of the members present, the Notice convening the Meeting having been circulated for the prescribed period was taken as read. The Chairperson then proceeded with the business of the Twenty-Fifth Annual General Meeting (“25th AGM”).

As part of good corporate governance, the Chairperson reported that the Company have received in total Twenty-Two (22) proxy forms from shareholders for a total of Thirty-Nine Million Eight Hundred Fifty-Five Thousand Eight Hundred and Twenty-Five (39,855,825) ordinary shares representing 41.81% of the total number of issued shares of the Company.

VOTING BY POLL

The Chairperson informed that all resolutions set out in the Notice of the 25th AGM must be voted by poll. The polling process for all resolutions would be conducted after completion of the deliberation of all Agenda items on the Notice of the 25th AGM.

Dato’ Dr Norraesah Binti Haji Mohamad (“Dato’ Dr Norraesah”) exercised her right as Chairman of the meeting to demand for poll in accordance with Clause 78 of the Constitution of the Company in respect of all resolutions which would be put to vote at the meeting.

Dato’ Dr Norraesah further informed that the Company has appointed Commercial Quest Sdn. Bhd. as the independent scrutineers to facilitate the poll process. The Meeting shall go through all the motions and proceed with the polling process after the last motion has been tabled and deliberated.

The Chairperson then proceeded with the agenda items set out in the Notice of the 25th AGM.

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The Audited Financial Statements (“AFS”) of the Company for the financial year ended 30 June 2019 together with the Directors’ and the Auditors’ Reports thereon were tabled for discussion.

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The Chairman informed that the AFS for the financial year ended 30 June 2019 were meant for discussion only and does not require approval from shareholders of the Company pursuant to the Companies Act 2016 (“the Act”). Hence, it would not be put for vote.

The Chairman then opened to the floor for questions pertaining to the AFS of the Company for the financial year ended 30 June 2019 together with the Directors’ and the Auditors’ Reports thereon which had been previously circulated to all shareholders.

The followings are issues raised by the members and discussed:-

- (i) Furniture industry is a traditional consumer industry and the performance is very much affected by the labour and material cost. Currently, the factories in Vietnam are facing issue of shortage of workers due to competition from newly set up manufactures from China resulted from the trade war. The number of workers in Vietnam plants had declined significantly from approximately 7,000 to 5,000 workers. Hence, the Vietnam plants are currently only operating at 80% of their capacity.

The trade war will benefit the Company in short term as many consumers are moving their orders from China to Vietnam and Malaysia. However, the trade war will have a negative impact in the longer term.

- (ii) The rationale for the acquisition of a piece of freehold land in Kapar on 22 November 2019 is in line with the Company’s long term corporate strategies and business plans to expand and growth its operation in Malaysia. The land is strategically located near the existing factories and head office in Malaysia.
- (iii) The decline in gross profit margin was attributable to the increase in labour cost as a result of increase in minimum wages in Vietnam and Malaysia and price reduction to compete orders with China manufacturers. For Thailand, the performance was affected due to lower domestic orders. However, the margin for Malaysia operation maintained due to stable raw materials prices.
- (iv) 85% of the products of the Company are exported to United States while the remaining is sold to South East Asia, China, Australia, Canada and other countries.
- (v) The Company is confident the business outlook would improve in the longer term but also acknowledge that it would not be possible to return to the ‘golden years’ with RM60 to RM70 million profits as business environment has changed. Nevertheless, the Company is optimistic to be able to outperform its competitors with its experience in the industry.

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In order to remain competitive in the market and profitable, the Company has formulated and implemented new strategies such as escalation on introduction of new ODM products and invest into new production line to produce upholstered furniture of which the market is highly sought after at the moment.

- (vi) The Company is constantly on the lookout for opportunities to invest in different countries but due assessment is made on risks associated with the potential countries ie political, social and geographical risks before investing.

After due discussion and explanation, the Chairman declared that the AFS of the Company for the financial year ended 30 June 2019 together with the Directors' and the Auditors' Reports thereon be and are hereby received by the shareholders and proxies.

With that, the Chairman proceeded to the following resolutions to the meeting for approval.

2. ORDINARY RESOLUTION 1
FINAL SINGLE TIER DIVIDEND

The Chairman informed that the first resolution on payment of Final Single Tier Dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2019.

The Ordinary Resolution 1 was tabled and voted by poll.

3. ORDINARY RESOLUTION 2
DIRECTORS' FEES AND BENEFITS PAYABLE

The Ordinary Resolution 2 on payment of Directors' Fees and Benefit Payable to Directors amount up to an aggregate amount of RM268,500.00 for the financial period from 26 November 2019 until the next AGM of the Company to be paid quarterly in arrears.

The Ordinary Resolution 2 was tabled and voted by poll.

4(i). ORDINARY RESOLUTION 3
RE-ELECTION OF DIRECTOR – MADAM LIN CHEN, JUI-FEN

The Chairman informed that pursuant to Clause 96 of the Company's Constitution, Madam Lin Chen, Jui-Fen retired as a Director of the Company and being eligible, has offered herself for re-election.

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The Ordinary Resolution 3 was tabled and voted by poll.

4(ii). ORDINARY RESOLUTION 4
RE-ELECTION OF DIRECTOR - MR LIN, CHIN-HUNG

The Chairman informed that pursuant to Clause 96 of the Company's Constitution, Mr Lin, Chin-Hung retired as a Director of the Company and being eligible, has offered himself for re-election.

The Ordinary Resolution 4 was tabled and voted by poll.

5. ORDINARY RESOLUTION 5
RE-APPOINTMENT OF AUDITORS

The Chairman informed that the Auditors, Messrs Ernst & Young had expressed their willingness to continue office as Auditors of the Company for the ensuing year.

The Ordinary Resolution 5 was tabled and voted by poll.

6. ORDINARY RESOLUTION 6
AUTHORITY UNDER SECTION 76 OF THE ACT FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES

The Chairman informed that the proposed Agenda was a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares (excluding treasury shares, if any) of the Company for such purpose as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The Ordinary Resolution 6 was tabled and voted by poll.

**7. ORDINARY RESOLUTION 7
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO
PURCHASE ITS OWN ORDINARY SHARES**

The Chairman highlighted that the details and rationale for the renewal of the share buy-back authority were set out in the Statement to Shareholders dated 25 October 2019.

The Ordinary Resolution 7 was tabled and voted by poll.

**8. ORDINARY RESOLUTION 8
AUTHORITY TO CONTINUE IN OFFICE AS INDEPENDENT NON-
EXECUTIVE DIRECTOR MR TOH SENG THONG**

The Chairman informed the members that Mr Toh Seng Thong has served as Independent Non-Executive Director for a cumulative term of more than twelve (12) years and therefore seeking shareholders' approval for him to continue to act as Independent Director of the Company until the conclusion of the next AGM.

The Chairman further informed the Meeting that Mr Toh Seng Thong has fulfilled the criteria of independence as set out in the Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad. The members were advised to refer the explanatory note as set out in the Notice of 25th AGM for further information.

The Ordinary Resolution 8 was tabled and voted by poll.

BALLOTING PROCESS

After completion of the deliberation of all Agenda items on the Notice of the 25th AGM, the Chairman of the Meeting requested the Scrutineer to brief on the polling procedure. The Secretary informed all shareholders and/or proxies to complete the polling form correctly and to sign on the polling form. The polling forms were to be deposited into the ballot box. It would take some time to tabulate the results of the poll and the outcome of the poll would be announced after a break of about thirty (30) minutes.

The Chairman then adjourned the Meeting at 2.51 p.m. for the Scrutineers to tabulate the results of the poll.

The Meeting resumed at 3.15 p.m. for the declaration of the results of the poll.

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ANNOUNCEMENT OF POLL RESULTS FOR RESOLUTIONS

At 3.15 p.m., the Chairman called the Meeting to order for the declaration of results. She informed that she had received the poll results from the Scrutineer, Commercial Quest Sdn. Bhd..

The Chairman then read out the results of the poll as follows:-

(i) Ordinary Resolution 1

Ordinary Resolution 1	Votes in favour		Votes against	
	No. of Votes	%	No. of Votes	%
Approval of a final single tier dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2019.	70,011,878	100.0000	0	0.0000

The Chairman of the Meeting declared that Ordinary Resolution 1 was duly carried. Accordingly, it was RESOLVED:-

“That the final single tier dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2019 be and is hereby approved for payment on 20 December 2019 to shareholders whose names appear on the Record of Depositors as at 29 November 2019.”

(ii) Ordinary Resolution 2

Ordinary Resolution 2	Votes in favour		Votes against	
	No. of Votes	%	No. of Votes	%
Approval of payment of Directors' Fees and Benefits Payable to the Directors up to an aggregate amount of RM268,500.00 for the period from 26 November 2019 until the next AGM of the Company to be paid quarterly in arrears.	70,536,078	99.9977	1,600	0.0023

The Chairman of the Meeting declared that Ordinary Resolution 2 was duly carried. Accordingly, it was RESOLVED:-

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“That the payment of Directors’ Fees and Benefits Payable to the Directors up to an aggregate amount of RM268,500.00 for the period from 26 November 2019 until the next AGM of the Company to be paid quarterly in arrears be and is hereby approved.”

(iii) Ordinary Resolution 3

Ordinary Resolution 3	Votes in favour		Votes against	
	No. of Votes	%	No. of Votes	%
Re-election of Madam Lin Chen, Jui Fen as Director of the Company, who is retiring pursuant to Clause 96 of the Company’s Constitution.	70,536,078	99.9977	1,600	0.0023

The Chairman of the Meeting declared that Ordinary Resolution 3 was duly carried. Accordingly, it was RESOLVED:-

“That the retiring Director, namely Madam Lin Chen, Jui Fen who retired pursuant to Clause 96 of the Company’s Constitution, be and is hereby re-elected as Director of the Company.”

(iv) Ordinary Resolution 4

Ordinary Resolution 4	Votes in favour		Votes against	
	No. of Votes	%	No. of Votes	%
Re-election of Mr Lin, Chin-Hung as Director of the Company who is retiring pursuant to Clause 96 of the Company’s Constitution.	70,536,178	99.9979	1,500	0.0021

The Chairman of the Meeting declared that Ordinary Resolution 4 was duly carried. Accordingly, it was RESOLVED:-

“That the retiring Director, namely Mr Lin, Chin-Hung who retired pursuant to Clause 96 of the Company’s Constitution, be and is hereby re-elected as Director of the Company.”

(v) Ordinary Resolution 5

Ordinary Resolution 5	Votes in favour		Votes against	
	No. of Votes	%	No. of Votes	%
Re-appointment of Messrs Ernst & Young as Auditors of	70,537,678	100.0000	0	0.0000

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the Company and to authorise the Directors to fix their remuneration.				
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The Chairman of the Meeting declared that Ordinary Resolution 5 was duly carried. Accordingly, it was RESOLVED:-

“That the retiring Auditors, Messrs Ernst & Young having signified their consent to act, be and is hereby re-appointed as Auditors of the Company for the ensuing year until the conclusion of the next AGM at a fee to be determined by the Directors.”

(vi) Ordinary Resolution 6

Ordinary Resolution 6	Votes in favour		Votes against	
	No. of Votes	%	No. of Votes	%
Proposed renewal of authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.	70,537,578	99.9999	100	0.0001

The Chairman of the Meeting declared that Ordinary Resolution 6 was duly carried. Accordingly, it was RESOLVED:-

“THAT, pursuant to Section 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury share, if any) of the Company for the time being, subject always to the approval of all relevant Regulatory Authorities being obtained for such allotment and issuance.”

(vii) Ordinary Resolution 7

Ordinary Resolution 7	Votes in favour		Votes against	
	No. of Votes	%	No. of Votes	%
Proposed renewal of authority for the Company to purchase its own shares.	70,537,578	99.9999	100	0.0001

The Chairman of the Meeting declared that Ordinary Resolution 7 was duly carried. Accordingly, it was RESOLVED:-

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“THAT subject to the Act, the Constitution of the Company, the Bursa Securities MMLR and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise the maximum amount of funds available in the Company which shall not exceed the Company’s aggregate retained earnings to purchase such amount of ordinary shares in the Company (“Proposed Renewal of Share Buy-Back Authority”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/ or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company;

THAT an amount not exceeding the Company’s retained earnings account be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority;

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either cancel and/or retain the shares so purchased as treasury shares (in accordance with Section 127 of the Act).

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

- (i) the conclusion of the next AGM of the Company following the Twenty Fifth AGM, at which such resolution was passed, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first,

but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share BuyBack Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority.”

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(viii) Ordinary Resolution 8

Ordinary Resolution 8	Votes in favour		Votes against	
	No. of Votes	%	No. of Votes	%
Authority for Mr Toh Seng Thong to continue in office as Independent Director.	70,466,078	99.8985	71,600	0.1015

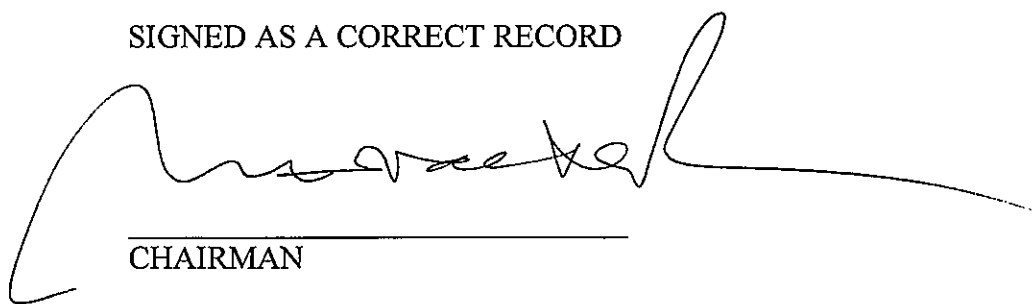
The Chairperson of the Meeting declared that Ordinary Resolution 8 was duly carried. Accordingly, it was RESOLVED:-

“THAT approval be and is hereby given to Mr Toh Seng Thong who has served as an Independent Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Director of the Company until the conclusion of the next AGM.”

CONCLUSION

There being no other business to be transacted, the Meeting closed at 3:25 p.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD



CHAIRMAN