



15 December 2021

**Minority Shareholders Watch Group**

**(Badan Pengawas Pemegang Saham Minoriti Berhad)**

Tingkat 11, Bangunan KWSP

No. 3, Changkat Raja Chulan

Off Jalan Raja Chulan

50200 Kuala Lumpur

Attn: Mr Devanesan Evanson (Chief Executive Officer)

**27<sup>th</sup> Annual General Meeting ("27<sup>th</sup> AGM") of Latitude Tree Holdings Berhad ("Latitude")  
to be held on Wednesday, 15<sup>th</sup> December 2021**

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Reference is made to your letter dated 7<sup>th</sup> December 2021.

Refer below for replies to your queries.

**Question # 1  
- Operational  
& Financial  
Matters**

**Question:**

The Company's revenue surpassed the RM900 million mark in FYE 2021 for the first time since its listing in 1997. Profit After Tax ("PAT") increased to RM53.8 million in FYE 2021 compared to RM16.8 million in FYE 2020 which represented a hike of 220.4%. The strong performance of the Company was mainly due to the pandemic that had kept people indoors and stoked the demand for furniture (Page 4 of Annual Report ("AR") 2021).

What are the measures to be taken by the Company to enhance its profitability in FYE 2022?

**Reply:**

The measures taken by the Company to enhance its profitability in coming years were outlined in page 9 of AR 2021.

The Company will continue with its cost controlling strategies, enhance production efficiency, development of new products and new designs in the "new normal" environment and effective cost management across all functions.


<p><b>Question # 2</b></p> <p>-</p> <p><b>Operational &amp; Financial Matters</b></p>	<p><b><u>Question:</u></b></p> <p>The Company had allocated RM22.1 million as capital expenditure for FYE 2021 (Page 7 of AR 2021).</p> <p>(a) What is the capital expenditure for FYE 2022?</p> <p>(b) What will the capital expenditure be used for?</p> <p><b><u>Reply:</u></b></p> <p>The Company has allocated RM10.0 million for capital expenditure of FYE 2022. The allocation is mainly to upgrade our existing production lines with advanced and automated machinery to further enhance our production efficiency and to reduce reliance of workers.</p>
<p><b>Question # 3</b></p> <p>-</p> <p><b>Operational &amp; Financial Matters</b></p>	<p><b><u>Question:</u></b></p> <p>The Company is on the lookout for businesses or assets that are related and which will synergise with its activities (Page 9 of AR 2021).</p> <p>Has the Company identified any potential businesses that it intends to acquire to enhance its performance?</p> <p><b><u>Reply:</u></b></p> <p>As at the date of this letter, we have yet to identify any businesses or assets that match our expectation.</p>
<p><b>Question # 4</b></p> <p>-</p> <p><b>Operational &amp; Financial Matters</b></p>	<p><b><u>Question:</u></b></p> <p>The Company has significant reliance on foreign labour for its operations in its Malaysian factories.</p> <p>(a) What was the ratio of foreign labour to total workforce in FYE 2021?</p> <p>(b) In light of the Government's stance of tightening the hiring of foreign labour recently, what are the Company's plan to mitigate this?</p> <p><b><u>Reply:</u></b></p> <p>Foreign labour is accounted for 59% of our total Malaysia workforce for FYE 2021.</p>

	<p>To reduce dependency on labour, the Company had invested considerable amount in the past financial years to upgrade our existing production lines with more automated machinery and we will continue to invest in automation moving forward. Besides, the Company also sub-contracts the manufacture of certain furniture components which labour intensive to sub-contractors to further reduce the requirement of labour in our production facilities.</p>
<p><b>Question # 1</b> - Corporate Governance</p>	<p><b><u>Question:</u></b></p> <p>Paragraph 9.21 (2) (b), Chapter 9 of the Main Market Listing Requirements ("MMLR") requires companies to publish the summary of the Key Matters Discussed at the previous AGM onto the Company's website.</p> <p>As at 6 December 2021, the summary of the Key Matters discussed at the Company's 2020 AGM was not found on the Company's website <a href="http://www.lattree.com/">http://www.lattree.com/</a>.</p> <p>Please explain.</p> <p><b><u>Reply:</u></b></p> <p>We had updated our website.</p>
<p><b>Question # 2</b> - Corporate Governance</p>	<p><b><u>Question:</u></b></p> <p>Practice 4.1 of the Malaysian Code of Corporate Governance stipulates that half of the Board must be made up of independent directors.</p> <p>The Company has only 2 independent directors out of 5 directors and this does not comply with the Practice. This represents only 40% of the total directors.</p> <p>Does the Company intend to apply this Practice and if yes, by when?</p> <p><b><u>Reply:</u></b></p> <p>The Board comprises two (2) Independent Non-Executive Directors, two (2) Executive Directors and one (1) Non-Independent Non-Executive Director. The present Board composition has complied with the Main Market Listing Requirement of Bursa Malaysia Securities Berhad that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors. The Board views the current size and composition of the Board are within a range which is appropriate at present</p>

	to provide the necessary check and balance to the Board's decision-making process. The Independent Directors have fulfilled their role as Independent Directors through objective participation in Board deliberations and the exercise of unbiased and independent judgement.
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Thank you.

Yours sincerely,  
Latitude Tree Holdings Berhad

A handwritten signature in black ink, appearing to read 'Lin, Chin-Hung', is written over a horizontal dotted line.

Name: Lin, Chin-Hung  
Designation: Managing Director