

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors (“the Board”) of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) (“RKIB” or the “Company”) is committed to achieve and maintain high standards of corporate governance within RKIB and its subsidiaries (the “Group”).

The Board is guided by the principles and recommendations as promulgated in the latest Malaysian Code on Corporate Governance 2021 (the “MCCG”) issued by Securities Commission Malaysia and Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”) 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”) and other Statements in the Annual Report, which is available on the Company’s website at www.rkibhd.com and announcement on Bursa Securities’ website at www.bursamalaysia.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.

We will continue evaluating our governance practices in response to evolving best practices and the changing needs of the Group. The Board is pleased to present this Statement and explain how the Group has applied the three (3) principles as set out in the MCCG.

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 Committees 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.rkibhd.com.

The Chairman is responsible for leading and managing the work of the Board, while 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 Managing Director is supported in this role by the Senior Management and has executive responsibility for running our business. The diligent way in which the Chairman of the Board Committees and their members carry out their Committees duties enables us to discharge our responsibilities efficiently and effectively.

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 Senior Management to achieve corporate objectives of the Group. The Board reviews the strategic business plan presented by the Managing Director and Senior 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 ("AC"), 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 33 of this Annual Report.
- d) Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Executive Directors and the Key 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 require.
- e) Developing and implementing an investor relations programme or shareholder communications policy for the Group
 - The Company's website, www.rkibhd.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, Extraordinary General Meeting ("EGM") minutes as well as the corporate and governance structure of the Group.
- 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 34 of this Annual Report.
- g) Determining the remuneration and benefits payable for 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 and benefits payable to Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM.
- 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 AC to ensure the financial statements presented are true and fair and in compliance with regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.1 BOARD RESPONSIBILITIES (cont'd)

- i) Ensuring the Company has appropriate corporate governance structure and policies 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 on the Company’s website, www.rkibhd.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) Senior 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 Board has a schedule of matters specifically reserved to it for decision and has approved the written terms of reference of the various Committees to which it has delegated its authority in certain matters to support the Board in the performance of its duties and responsibilities.

The Senior Management ensures that the Board has full access to information regarding 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.

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

Name	Attendance
Dato’ Dr Norraesah Binti Haji Mohamad #	5/5
Lin Chen, Jui-Fen	5/5
Lin, Chin-Hung	5/5
Toh Seng Thong #	5/5
Yek Siew Liong # #	4/5
Sandra Segaran A/L Muniandy @ Krishnan # (Appointed on 2 September 2022)	-

Denotes Independent Non-Executive Director

Denotes Non-Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.1 BOARD RESPONSIBILITIES (cont'd)

Company Secretaries

The Company Secretaries, through the Chairman, are responsible for advising the Board on all governance matters and for ensuring that Board procedures are followed, applicable rules and regulations are complied with, and that due account is taken of relevant codes of best practice. The Company Secretaries are responsible for ensuring effective communication flows between the Board and Board Committees, and between Senior Management and Non-Executive Directors.

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 was updated to align with the latest Anti-Bribery and Anti-Corruption Policy adopted by the Board and covers the safeguards of whistle blowers, reporting procedure and investigation process which have been circulated to all employees of the Group. The Anti-Bribery and Anti-Corruption Policy is available on the Company's website, www.rkibhd.com.

1.2 BOARD COMPOSITION

During the financial year, the Board consists of five (5) members; comprising two (2) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director 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 composition of the Board also fulfils the MMLR of having at least two (2) or one-third (1/3) of the Board comprising Independent Director. In the event of non-compliance with Paragraphs 15.02(1)(a) and 15.02(2) of the MMLR, the Company must fill the vacancy within 3 months.

The balance of Directors on the Board ensures that no individual or small group of Directors can dominate the decision-making process and that the interests of shareholders are protected. In view of Independent Non-Executive Directors form 40% of our Board, the Board had on 2 September 2022, appointed Mr Sandra Segaran A/L Muniandy @ Krishnan ("Mr Sandra Segaran") to increase the number of Independent Non-Executive Directors in the Company. The Board considers each of our current Independent Non-Executive Directors to be independent in character and judgement that could provide unbiased and independent views to the Board. In reaching this determination of independence, the Board has concluded that each of them provides objective challenge to Management, is willing to stand up and defend his/her own beliefs and viewpoints in order to support the ultimate good of the Company and that there are no business or other relationships likely to affect the judgement of the Independent Non-Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 BOARD COMPOSITION (cont'd)

The Board is satisfied with its current composition which comprises a 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. The qualification and experience of the Directors are set out in the Profile of Board of Directors on pages 12 to 15 of this Annual Report.

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. These committees were formed in order to ensure an optimum structure for efficient and effective decision-making in the organisation. The Chairman of the respective committees will report to the Board the proceedings, deliberations and outcomes of these meetings and such reports are incorporated into the Board papers.

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

Nomination Committee Report

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
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 procedure for appointment of directors was set out in the Policies Governing the Board of Directors which is published on the Company’s website, www.rkibhd.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 BOARD COMPOSITION (cont'd)

Nomination Committee Report (cont'd)***i) Appointment Process (cont'd)***

According to the Fit and Proper Policy, the Board should consider the factors which includes but not limited to the following in assessing if a candidate meets the criteria under the policy:

- (a) Character and integrity – Probity, personal integrity, financial integrity, reputation;
- (b) Experience and competence – Qualification, training, skills, relevant experience and expertise, relevant past performance or track record; and
- (c) Time and commitment – Ability to discharge role having regard to other commitments, participation and contribution in the board or track record.

The decision as to who should be appointed is the full responsibility of the 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, there was no appointment of new director for the Company except that Mr Sandra Segaran, who was appointed on 2 September 2022.

On the 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.

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 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 (3) years but shall be eligible for re-election.

Pursuant to the Constitution of the Company, Madam Lin Chen, Jui-Fen ("Madam Lin") and Mr Yek Siew Liong ("Mr Yek") will retire by rotation at the Twenty-Eighth ("28th") AGM of the Company and had offered themselves for re-election. The Directors standing for re-election at the forthcoming 28th AGM and collectively agrees that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors. The NC had also conducted the fit and proper assessment on the Directors who are subject to re-election at the forthcoming AGM and was satisfied with the outcome of the assessments.

Mr Sandra Segaran who was appointed in September 2022 will also stands for election at the forthcoming 28th AGM in accordance with Clause 103 of the Constitution of the Company.

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 RKIB'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 are assessed in terms of composition, processes, responsibilities, as well as the effectiveness of the Chairman and each members of the respective Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 BOARD COMPOSITION (cont'd)

Nomination Committee Report (cont'd)

iii) Board Evaluation (cont'd)

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

According to Practice 4.2 of the MCGG, if the Board intends to retain an independent director beyond nine (9) years, it should justify and seek shareholders' annual approval. If the Board continues to retain the independent director after the twelfth year, the Board should seek shareholders' annual approval through a two-tier voting process. Mr Toh Seng Thong ("Mr Toh"), an Independent Non-Executive Director has served the Board of RKIB for more than twelve (12) years and he will be re-designated as Non-Independent Non-Executive Director after the conclusion of the 28th AGM. 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 ("Dato' Dr Norraesah"), Mr Toh and Mr Sandra Segaran remain objective and independent in expressing their views.

iv) Diversity

The Group recognises and embraces the benefits of a diverse Board. The NC reviews the composition of the Board and the Board Committees. It frequently considers a skills matrix for the Board, which identifies the core competencies, skills, diversity and experience required for the Board to deliver its strategic aims and govern the Group's effectively.

However, 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, where more than 30% of the Board composition comprised of female. We acknowledge that the appointment of any Director(s) should be based on their merit, qualification and working experience and the Board is supportive of gender equality.

Currently, the Group does not have any specific measurable objectives for achieving gender diversity in the Senior Management. Nevertheless, the Group is committed to promote a culture of diversity in the workplace by:

- recruiting and managing on the basis of an individual's competence and performance;
- respecting the unique attributes that each individual brings to the workplace;
- fostering an inclusive and supportive culture to enable people to develop their full potential; and
- provide the opportunity for employees to develop skills and experience through training and mentoring programme.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 BOARD COMPOSITION (cont'd)

Nomination Committee Report (cont'd)

v) *Works of NC*

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

- Reviewed the effectiveness of the Board as a whole and the effectiveness of the Committees of the Board;
- Assessed the effectiveness of the Board as a whole, Board Committees and contributions of each individual Director as well as their character, experience, competence, integrity and time commitment, independence of Independent Directors. The NC reviews annually the required mix of skills and experience including core competencies which Non-Executive Directors should bring to the Board and other qualities for the Board to function effectively and efficiently. The summary of the assessment and its findings was tabled to the NC on 23 May 2022. Based on the summary as presented, the NC tabled its recommendations to the Board at the Board of Directors' Meeting held on 23 May 2022;
- Reviewed and considered the mix of skills and experience of each individual Director including the core competencies of the Non-Executive Directors;
- Assessed the independence of the Independent Directors and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company. Based on the recommendations from the NC, the Board had also assessed and would be proposing to the shareholders for approval the continuation in office of Mr Toh (who will serve for more than nine (9) years as at the date of forthcoming AGM) as an Independent Non-Executive Director of the Company at the forthcoming AGM. However, the Board had on 11 October 2022 agreed that Mr Toh will be re-designated as Non-Independent Non-Executive Director after the conclusion of the 28th AGM. Hence, the Company will not proceed with two-tier voting;
- Reviewed the term of office and performance of AC and each of its members; and
- Conducted assessment (including fit and proper assessment) on the Directors, Madam Lin and Mr Yek, who are subject to retirement by rotation at the forthcoming AGM. The NC was satisfied with the assessment of the abovementioned Directors and recommended the re-election of the said Directors for the Board's further recommendation to the shareholders for approval.
- Conducted assessment (including fit and proper assessment) on Mr Sandra Segaran before his appointment as Director and the NC was satisfied with his character, skills, knowledge, expertise, experience, integrity, competence and time commitment and the outcome of the fit and proper assessment, the Board had on the Board Meeting held on 11 October 2022 recommended the re-election of Mr Sandra Segaran as Director of the Company to the shareholders for approval at the forthcoming 28th AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 BOARD COMPOSITION (cont'd)

Nomination Committee Report (cont'd)vi) *Training*

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	WIEF/WBN - #iEmPOWER Global Trade Outlook 2022 & Beyond Webinar
	WIEF - #iEmPOWER Creative Industries: Harnessing Emerging Technologies Webinar
	WIEF - #iEmPOWER Webinar on Digitalisation Trends: Opportunity Within
	MyEG Medical Sdn. Bhd. - How Effective is ZIFIVAX Against New Variants of SARS-COV-2 Virus?
	MYEG Services Bhd - Webinar Training : Environmental, Sustainability, Social Impact & Governance Training
Lin Chen, Jui-Fen	2022 Tax Audit and Legal Update Entity Seminar
	2022 Tax Update Seminar
	Highlights of the OECD Guidance on the Impact of the Coronavirus ("COVID-19") on Transfer Pricing
	How Vietnam Accounting Standards Affect Tax and Customs Incentives
Lin, Chin-Hung	2022 Tax Audit and Legal Update Entity Seminar
	2022 Tax Update Seminar
	Highlights of the OECD Guidance on the Impact of the Coronavirus ("COVID-19") on Transfer Pricing
	How Vietnam Accounting Standards Affect Tax and Customs Incentives
	Renewable energy investment in Vietnam
Toh Seng Thong	Governing Under New Normal
	Malaysian Budget 2022
	AOB Conversation with Audit Committees
Yek Siew Liong	National Tax Conference 2021
	SSM National Conference 2021 on Governing under New Normal

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 BOARD COMPOSITION (cont'd)

Nomination Committee Report (cont'd)

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

	No. of NC Meeting Held	No. of NC Meeting Attended
Dato' Dr Norraesah Binti Haji Mohamad	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

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 the Non-Executive Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussion of their own remuneration.

The fees and benefits payable to the Non-Executive Directors are determined by the Board based on recommendation of the RC. The remuneration packages of Senior Management are determined by the Executive Directors.

The RC follows formal and transparent policies 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.3 REMUNERATION (cont'd)

Remuneration Committee (cont'd)

The remuneration of the Board of Directors is determined by (i) the amount of time commitment that 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, Non-Executive Directors and Senior Management are available in the Policies Governing the Board of Directors which is published on the Company's website.

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

	No. of RC Meeting Held	Attended
Dato' Dr Norraesah Binti Haji Mohamad	1	1
Toh Seng Thong	1	1
Yek Siew Liong	1	1

The aggregate remuneration of Directors received from the Company and the Group during the financial year amounted to RM278,000 and RM2,275,223 respectively. Details of the individual Director's remuneration from the Company and the Group are set out under Practice 8.1 of the Corporate Governance Report, which is published on the Company's website.

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 hence, the Group may lose high calibre personnel who have been contributing to the Group's performance. Alternatively, the Group and the Company have disclosed the aggregate total remuneration of all the key management personnel for the financial year ended 30 June 2022, under Note 32(b) to the Financial Statements on page 120 of the Company's Annual Report 2022. This coincides with the requirements of Paragraph 17 of MFRS 124: *Related Party Disclosures*.

Other than Directors' fees and allowances paid which had been the norm and been duly disclosed in this Annual Report, no other incentives or benefits of whatsoever nature had been paid to the Independent Directors that would cause biases in their objective and independent judgement in Board deliberation.

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, 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 Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.1 AUDIT COMMITTEE (cont'd)

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 37 to 39 of this Annual Report.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 49 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 three (3) years before being appointed as a member of the AC. As the date of this reporting, the Company has not appointed any former key audit partner as member of the AC.

Assessment of suitability and independence of External Auditors

The Board maintains an active, transparent and professional relationship with its External Auditors (“EA”) through the AC, which has been conferred with the authority to interface directly with the EA 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 are 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. Ernst & Young PLT was appointed as the EA 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 EA's independence and objectivity.

The AC had on 11 October 2022 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, proposed the re-appointment of Ernst & Young PLT as the EA of the Company to the shareholders for approval at the forthcoming AGM.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.2 RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (cont'd)

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 34 of this Annual Report.

Internal audit function

The Board has established an internal audit function within the Company, which is led by the outsourced Internal Auditor, Tricor Axcelasia 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.rkibhd.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 and other applicable laws.

While the Company endeavors to provide as much information as possible to its shareholders and stakeholders, it is also 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 : Rhong Khen International Berhad
(formerly known as Latitude Tree Holdings Berhad)
Lot 3356, Batu 7 ¾, Jalan Kapar
42200 Kapar, Selangor Darul Ehsan, Malaysia
Telephone : +603-3291 5401
Fax : +603-3291 0048
Website : www.rkibhd.com

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)**3.2 CONDUCT OF GENERAL MEETINGS**

As stated earlier, the Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by MCCG.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during the AGMs.

The Board views the AGM as the primary forum to communicate with shareholders. The Company will convene its forthcoming 28th AGM on 29 November 2022, and shareholders are encouraged to present any questions or concerns regarding the operations, financial performance and major development of the Group during the AGM and to vote on all resolutions. Notice of the AGM, Annual Report and Statement to Shareholders in relation to proposed renewal of authority for the Company to purchase its own shares, will be circulated to the shareholders by giving sufficient notice of at least twenty-eight (28) days before the date of the meeting to enable shareholders to have full information prior to the AGM in order to facilitate informed decision-making. This also enable the shareholders have sufficient time to read and understand the Company's financial and non-financial performance before the AGM.

Pursuant to the MMLR, any resolution set out in the notice of any general meeting, or in any notice of resolutions which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Voting for all resolutions as set out in the Notice of 27th AGM held on 15 December 2021 were voted by poll and validated by an independent scrutineer.

Effective Communication and Proactive Engagement

The AGM also provides an effective means of communication with the shareholders where they are encouraged to participate in the open question and answer session during the AGM. The Board responded to the questions submitted by Minority Shareholder Watch Group and the questions posted from the shareholders at the 27th AGM. The minutes of the 27th AGM has been uploaded to the Company's website within 30 business days from the date of the 27th AGM.

OTHER INFORMATION PURSUANT TO THE MMLR

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

4.1 UTILISATION OF PROCEEDS

There was no corporate exercise carried out during the financial year ended 30 June 2022 to raise funds.

4.2 AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to EA by the Group and the Company for the financial year ended 30 June 2022 are as follows:

	Group (RM'000)	Company (RM'000)
Audit fees	503	62
Non-audit fees	38	38
Total	541	100

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

OTHER INFORMATION PURSUANT TO THE MMLR (cont'd)

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 RKIB and/or its subsidiaries which involve Directors' and major shareholders' interests during the financial year ended 30 June 2022.

4.4 MATERIAL CONTRACTS RELATING TO LOANS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS FOR THE FINANCIAL YEAR

There were no contracts relating to loans involving Directors' or major shareholders' interest.

4.5 EMPLOYEES' SHARE SCHEME ("ESS")

The current members of the ESS Committee are:

Chairman:

Toh Seng Thong

Independent Non-Executive Director

Members:

Lin, Chin-Hung

Managing Director

Yeoh Joe Son

Group Finance Director

Fong Toh Wai

Group Financial Controller

The Board had delegated to the ESS Committee the responsibility of reviewing the rules and regulations relating to ESS and to ensure the scheme is implemented in accordance with the By-Laws, in respect of the terms on selection and determination of eligibility, the grants of ESS shares or options, prices, termination and appeals and such other duties as per the Terms of Reference of the ESS Committee.

Since the commencement of the ESS up to 30 June 2022, there were no ESS shares or options granted to Directors and Senior Management.

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 has been reviewed and approved by the Board of Directors on 11 October 2022.