

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 4383  
**COMPANY NAME** : JAYA TIASA HOLDINGS BERHAD  
**FINANCIAL YEAR** : June 30, 2018

### **OUTLINE:**

#### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

#### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board sets the strategic direction of the Group and provides effective leadership through oversight of Management and monitoring the business performance in the Group.</p> <p>The roles and responsibilities of the Board are set out in the Board Charter which is published on the Company's website at <a href="http://www.jayatiasa.net">www.jayatiasa.net</a>. The key responsibilities of the Board include:</p> <ol style="list-style-type: none"><li>i. Reviewing and adopting a strategic plan;</li><li>ii. Overseeing the conduct of the Group's businesses;</li><li>iii. Ensuring effective risk management and internal control; and</li><li>iv. Reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditures.</li></ol> <p>The Board has established the Audit Committee, Nominating Committee and Remuneration Committee to assist in fulfilling its ongoing oversight and stewardship role. The Board Committees have the authority to examine specific issues within their respective terms of reference ("TOR") approved by the Board. The Chairman of the respective Board Committees reports to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.</p> <p>As the leader of the management, the Deputy Executive Chairman, who is supported by the Senior Management Team, Risk Management Committee (RMC) and Sustainability committee (SC), develops the corporate and business strategies for the achievement of the Group's goals. The Senior Management Team, RMC and SC are led by the Chief Executive Officer who is responsible to the Board in implementing the Group's strategies, policies and decisions adopted by the Board, and oversees the day-to-day operations and business development of the Group.</p>

<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.2**

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board, Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd), is primarily responsible for instilling good governance practices, leadership and effectiveness of the Board.</p> <p>As facilitator at Board Meetings, he ensures that contributions from Directors are forthcoming on matters being deliberated, no Board member dominates discussion, and that Board decisions are made in the best interests of the Company and reflect Board consensus.</p> <p>Details of the responsibilities of the Chairman are set out in the Board Charter which is published on the Company's website at <a href="http://www.jayatiasa.net">www.jayatiasa.net</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.3**

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company has different individuals holding the positions of Chairman and CEO.</p> <p>The position of Chairman is held by Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd), an Independent Non-Executive Director, and the position of CEO is held by Dato' Wong Sie Young.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.4**

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by a Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrator (MAICSA), a prescribed professional body under the Companies Act 2016, experienced and competent on regulatory and statutory requirements.</p> <p>The roles and responsibilities of the Company Secretary are set out in the Board Charter which is published on the Company's website at <a href="http://www.jayatiasa.net">www.jayatiasa.net</a>.</p> <p>The Company Secretary constantly keeps herself abreast of the changing regulatory and statutory requirements by attending the relevant continuous professional development programmes, briefing and conferences.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The agenda and the meeting papers relevant to the business of the meeting are circulated to all Directors at least five (5) working days prior to the meeting date to allow Directors to have ample time to review matters to be deliberated at the meeting and to facilitate informed decision making.</p> <p>Proceedings and decisions of the Board and Board Committees are documented in the minutes, including matters where Directors are required to abstain for voting and deliberation.</p> <p>Minutes of meetings are circulated as soon as possible and confirmed as a correct record by the Board and Board Committees at the next meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

**Practice 2.1**

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter sets out the Board's strategic intent and provides guidance for Directors and Management regarding roles and responsibilities of the Board, Chairman, Executive Directors, Non-Executive Directors, Company Secretary and Board Committees.</p> <p>There is a formal schedule of matters reserved for Board's deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, approval of audited financial statements, quarterly and annual financial statements for announcement, investment and divestment, as well as monitoring of the Group's financial and operating performance.</p> <p>The Board Charter, which is periodically reviewed by the Board to be in line with regulatory changes, was last reviewed and approved by the Board on 23 May 2018. The updated version of the Board Charter is available on the Company's website at <a href="http://www.jayatiasa.net">www.jayatiasa.net</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

**Practice 3.1**

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Code of Conduct and Ethics, which sets out core areas of ethical conduct expected of all Directors and Employees including managing conflict of interest, preventing the abuse of power and corruption, proper use of Company's assets, insider trading, money laundering and compliance with laws, rules and regulations.</p> <p>The ethical conducts are based on acceptable values the Company upholds. The core values are as follows:</p> <ul style="list-style-type: none"> <li>• Integrity</li> <li>• Diligence</li> <li>• Team Spirit and</li> <li>• Building Relationship</li> </ul> <p>The Code of Conduct and Ethics is published on the Company's website at <a href="http://www.jayatiasa.net">www.jayatiasa.net</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

**Practice 3.2**

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Whistle Blowing Policy adopted by the Board seeks to foster an environment where integrity and ethical behaviour are maintained and any illegality, improper conduct and/or wrong doing in the Group may be exposed.</p> <p>It outlines when, how and to whom a concern may be properly raised about improper conduct such as fraud, corruption, bribery or any other form of unethical practices involving employees within the Group.</p> <p>It sets out the internal channel/procedures for the whistle-blower to raise concerns both inside and outside the Management line. The identity of the whistle-blower is kept confidential and protection is accorded to the whistle-blower against any form of reprisal.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board comprises 8 Directors, of whom 3 are Independent Non-Executive Directors (“INEDs”). The INEDs constitutes 37.5% of the current Board composition. The Company has complied with Bursa Listing Requirement which requires at least 2 or 1/3, whichever is higher, of Board members to be INEDs.</p> <p>The Board has in place the Audit, Nominating and Remuneration Committees entrusted to assist in fulfilling its oversight responsibilities. The chairman of the Board is an INED. The chairmen of the Board Committees are also INEDs who are not chairman of the Board. This governance structure provides an effective check and balance in the Board decision making process.</p> <p>The Nominating Committee assesses the Board composition, including independence annually. Current year assessment concluded, among others, that there is sufficient independent element on the Board. This enables the management to benefit from the INED’s external, diverse and objective perspectives on issues that are brought to the Board.</p> <p>Nevertheless, the Board is mindful of MCCG Practice 4.1 requiring at least half (50%) of the Board to comprise INEDs and will identify potential candidates for the appointment of an additional ID to gradually meet this requirement.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) and Mr. John Leong Chung Loong have served the Board for more than 12 years, and Dato' Wong Lee Yun for more than 9 years.</p> <p>The Board through the Nominating Committee has reviewed and is of the opinion that the independence of the aforesaid 3 Independent Non-Executive Directors ("INEDs") remains unimpaired. Their judgement in business dealings of the Group is not influenced by the interest of other Directors and substantial shareholders.</p> <p>Accordingly, the Board recommended to retain all the aforesaid 3 Directors as INEDs for the ensuing year subject to shareholders' approval at the forthcoming AGM of the Company. Key justifications for retaining them are disclosed in the Notice of the AGM.</p> <p>Practice 4.2 of the Malaysian Code on Corporate Governance ("MCCG") states that if the Board continues to retain an INED after the 12<sup>th</sup> year, the Board should seek annual shareholders' approval through a two tier voting process.</p> <p>However, single tier shareholders' approval will be sought for the retention of Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) and Mr. John Leong Chung Loong whose tenure have exceeded 12 years.</p> <p>The Board will seek shareholders' approval at the forthcoming AGM for the continuance of Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) and Mr. John Leong Chung Loong (tenure more than 12 years) as INEDs for the ensuing financial year by ordinary resolutions via the usual single tier voting process. This process allows shareholders to</p>

	provide sounding to the Board on the INEDs who have served beyond the 12 <sup>th</sup> year.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.3- Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.4**

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board strongly advocates corporate culture that embraces diversity when determining its composition taking into accounts the skills and industry experience, knowledge, gender, age, ethnicity and other qualities of Directors, in the context of the needs and goals of the Company.</p> <p>The Nominating Committee, in making its recommendation on potential candidates for appointment of Directors, will consider (among others) the following criteria:</p> <ul style="list-style-type: none"> <li>i. Skills, knowledge, experience;</li> <li>ii. Professionalism;</li> <li>iii. Time Commitment;</li> <li>iv. Character, integrity and competence;</li> <li>v. Boardroom diversity including gender diversity; and</li> <li>vi. With regards to the candidate for the position of Independent Directors, the NC shall also evaluate the candidate’s ability to discharge such responsibilities as are expected from Independent Non-executive Directors.</li> </ul> <p>As for the appointment of Senior Management, the Human Resource Department focuses on their working experience, skill set, competencies, character, integrity and commitment in the assessment of the identified candidates before recommending them to the designated Executive Directors for approval.</p> <p>While it is important to promote diversity, the appointment to the Board and senior management are based on merits of the candidates.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised a Board Diversity Policy and set a target of having at least 2 women directors on the Board. The Board Diversity Policy is set out in Appendix B of the Board Charter which is published on the Company's website at <a href="http://www.jayatiasa.net">www.jayatiasa.net</a>.</p> <p>Currently, the Company has 8 members, 2 of whom are women Directors. This Board composition is in line with the target set in the Board Diversity Policy with the objective of bringing value to Board discussions from the different perspectives and approaches of the woman Directors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.6**

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In identifying candidates for appointment of directors, apart from recommendations from existing board members, management or major shareholders, the Board also consider sourcing candidates via independent consultants.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nominating Committee is chaired by Dato' Wong Lee Yun, an Independent Non-Executive Director of the Company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board entrusted the Nominating Committee (“NC”) to undertake annual evaluation on the following:</p> <ul style="list-style-type: none"><li>i. mix of skills and experience of Directors, and other qualities of Board, including core-competencies which the Independent Non-Executive Directors (INEDs) should bring to the Board;</li><li>ii. effectiveness of the Board and its committees as well as the performance of each individual Director; and</li><li>iii. independence of the Independent Directors.</li></ul> <p>On 29 August 2018, the NC met to assess the effectiveness of the Board and its Committees, performance of each individual Directors and independence of INEDs in respect of the financial year ended 30 June 2018. The Nominating Committee members jointly evaluated the effectiveness of the Board and the Board Committees via questionnaires based on specific criteria such as composition, quality of information provided and decision making process, and meeting activities. Assessment on the performance of each individual Director was based on self-evaluation approach against criteria including fit and proper, contribution as well as calibre and personality. The Company Secretary compiled the completed questionnaires and tabled them to the NC meeting for deliberation.</p> <p>Based on the results of assessment and NC’s recommendation, the Board was satisfied that the present Board composition is appropriate and constitutes an effective Board. The Board Committees and each individual Director have discharged their duties and responsibilities effectively.</p> <p>The Board has also recommended the re-election of the retiring Directors and continuation of the INEDs who have served more than 9 years as the Company’s Independent Non-Executive Directors for shareholders’ approval at the forthcoming Annual General Meeting to be held on 28 November 2018.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee is responsible for reviewing and recommending policies and procedures on remuneration of Board and Senior Management including changes to the policy and procedures as and when necessary.</p> <p>On 29 August 2018, the Board has formalised the policies and procedures on remuneration of Board and Senior Management. This policy is available on the Company's website at <a href="http://www.jayatiasa.net">www.jayatiasa.net</a>.</p> <p>The Company will seek shareholders' approval in respect of the fees and benefits payable to Non-executive Directors at the forthcoming Annual General Meeting to be held on 28 November 2018.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

**Practice 6.2**

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Committee ("RC"), which comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors. The roles and responsibilities of RC are governed by its Terms of Reference, which are available on the Company's website at <a href="http://www.jayatiasa.net">www.jayatiasa.net</a>.</p> <p>On 23 May 2018, the Terms of Reference of the RC had been revised to include assisting the Board in implementing policies and procedures on matters relating to the remuneration of Board and Senior Management.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied																																																																																											
<b>Explanation on application of the practice</b>	:	<p>The details of the Directors' remuneration on named basis for the financial year ended 30 June 2018 are as disclosed below. None of the Directors of the Company received any remuneration from any subsidiary within the Group during the financial year.</p> <table border="1"> <thead> <tr> <th></th> <th>Salary</th> <th>Fees</th> <th>Bonus</th> <th>Other Emoluments</th> <th>Benefits in-kind</th> <th>Total</th> </tr> <tr> <th></th> <th>RM</th> <th>RM</th> <th>RM</th> <th>RM</th> <th>RM</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td><b>Executive Directors</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Dato' Sri Tiong Chiong Hoo</td> <td>648,000</td> <td></td> <td>432,000</td> <td>140,400</td> <td>13,325</td> <td>1,233,725</td> </tr> <tr> <td>Dato' Wong Sie Young</td> <td>582,000</td> <td></td> <td>388,000</td> <td>126,100</td> <td>9,900</td> <td>1,106,000</td> </tr> <tr> <td><b>Non-Executive Directors</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)</td> <td></td> <td>78,333</td> <td></td> <td>68,000</td> <td>13,325</td> <td>159,658</td> </tr> <tr> <td>Dato' Sri Dr Tiong Ik King</td> <td></td> <td>76,000</td> <td></td> <td>8,000</td> <td></td> <td>84,000</td> </tr> <tr> <td>Tiong Choon</td> <td></td> <td>70,000</td> <td></td> <td>8,000</td> <td></td> <td>78,000</td> </tr> <tr> <td>Tiong Chiong Hee</td> <td></td> <td>70,000</td> <td></td> <td>6,400</td> <td></td> <td>76,400</td> </tr> <tr> <td>John Leong Chung Loong</td> <td></td> <td>84,000</td> <td></td> <td>8,000</td> <td></td> <td>92,000</td> </tr> <tr> <td>Dato' Wong Lee Yun</td> <td></td> <td>90,667</td> <td></td> <td>152,000</td> <td></td> <td>242,667</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,230,000</b></td> <td><b>469,000</b></td> <td><b>820,000</b></td> <td><b>516,900</b></td> <td><b>36,550</b></td> <td><b>3,072,450</b></td> </tr> </tbody> </table>		Salary	Fees	Bonus	Other Emoluments	Benefits in-kind	Total		RM	RM	RM	RM	RM	RM	<b>Executive Directors</b>							Dato' Sri Tiong Chiong Hoo	648,000		432,000	140,400	13,325	1,233,725	Dato' Wong Sie Young	582,000		388,000	126,100	9,900	1,106,000	<b>Non-Executive Directors</b>							Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)		78,333		68,000	13,325	159,658	Dato' Sri Dr Tiong Ik King		76,000		8,000		84,000	Tiong Choon		70,000		8,000		78,000	Tiong Chiong Hee		70,000		6,400		76,400	John Leong Chung Loong		84,000		8,000		92,000	Dato' Wong Lee Yun		90,667		152,000		242,667	<b>Total</b>	<b>1,230,000</b>	<b>469,000</b>	<b>820,000</b>	<b>516,900</b>	<b>36,550</b>	<b>3,072,450</b>
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<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.2**

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is cognisant of the importance of transparency, but is of the view that the disclosure of the top 5 Senior Management's remuneration on a named basis with various remuneration components will not be in the best interest of the Group, as it will give rise to recruitment and talent retention issues and may lead to the performing Senior Management staff being pinched away by the competitors. The Group may lose talented personnel who have been contributing to the Group's performance.</p> <p>The aggregate total remuneration of all the key senior management personnel for the financial year ended 30 June 2018 is disclosed under Note 32 (b) to the Financial Statements of the Company's 2018 Annual Report.</p> <p>The Board is of the view that this disclosure provides an alternative means for stakeholders to assess whether the key senior management personnel of the Group is remunerated fairly and appropriately in line with the Intended Outcome of Practice 7.2.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit Committee is Dato' Wong Lee Yun. She is not the Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	On 17 October 2017, the Company has adopted the policy for a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee in the terms of reference of the Audit Committee.  The terms of reference of the Audit Committee are published on the Company's website at <a href="http://www.jayatiasa.net">www.jayatiasa.net</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee (AC) assesses the suitability of the external auditor on an annual basis based on the following criteria as set out in the Auditors Independence Policy:</p> <ul style="list-style-type: none"> <li>i. auditor independence;</li> <li>ii. quality of audit services; and</li> <li>iii. audit fees.</li> </ul> <p>The annual assessment is carried out via assessment questionnaires.</p> <p>The AC had in October 2018 reviewed and assessed the suitability of the external auditors, Messrs Ernst &amp; Young (EY) based on the above criteria and was satisfied with their performance, technical competence and audit independence. The AC received assurance from EY confirming that they are independent in accordance with the By-Laws (on Professional Ethics, Conducts and Practice) of the Malaysian Institute of Accountants, in respect of the financial year 2018.</p> <p>Based on the Audit Committee's recommendation, the Board recommended the re-appointment of EY as the external auditor for the ensuing financial year for approval by shareholders at the forthcoming Annual General Meeting to be held on 28 November 2018.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	All the following members of the Audit Committee are Independent Non-Executive Directors:  <u>Chairman</u> Dato' Wong Lee Yun  <u>Members</u> Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) Mr. John Leong Chung Loong  They satisfied the independence test based on the criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad.

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee ("AC") members have wide range of necessary skill, knowledge and experience in discharging their duties. All the Audit Committee ("AC") members are financially literate and carried out their duties in accordance with the Terms of Reference of the AC. The qualification and experience of the individual AC Members are disclosed in the Directors' profile in the Company's Annual Report 2018.</p> <p>All members of the AC have attended continuous professional development programmes to keep themselves abreast of relevant development in accounting and auditing standards. Details of their training attended during financial year 2018 are disclosed in the Corporate Governance Overview Statement of the Company's Annual Report.</p> <p>In addition, the AC members are briefed by the External Auditors on key changes in financial reporting standards and regulatory requirements from time to time during AC Meetings.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised and implemented an enterprise-wide risk management framework within the Group and is consistent with the Statement on Risk Management and Internal Control: Guidelines for Directors of Issuers.</p> <p>The Risk Management Committee ("RMC"), led by the Chief Executive Officer and supported by representatives from key senior management, assists the Board in driving effective risk management through implementation of appropriate controls and risk treatment strategies.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Details of the information on risk management and internal control within the Group are disclosed in the Statement on Risk Management and Internal Control in the Company's Annual Report 2018.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 9.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 10.1**

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has in place an in-house internal audit department, which provides the Board, through the Audit Committee, with independent and objective assurance on the adequacy and operating effectiveness of the Group’s system of internal controls and risk management.</p> <p>The Internal Audit Department (“IAD”), which is independent of the activities it audits, reports directly to the Audit Committee. The IAD executes audit assignments based on audit plan approved by the Audit Committee.</p> <p>The Head of IAD presents his key audit findings quarterly at the Audit Committee meeting. The details of actual work carried out by the IAD, together with its scope of coverage, for the financial year under review are set out in the Audit Committee Report in the Company’s Annual Report 2018.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>None of the internal audit personnel has any relationships or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.</p> <p>The Internal Audit Department (“IAD”) of the Group currently consists of 15 personnel and is headed by Mr Johnny Lu King Ing, a Senior Manager. He is an Associate Member of the Institute of Internal Auditors of Malaysia (IIA Malaysia).</p> <p>The internal audit function is independent of the activities it audits and carries out its work in accordance with the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board recognises the importance of being transparent and accountable to the Company's stakeholders. Communication and engagement with stakeholders include:</p> <ul style="list-style-type: none"><li>• quarterly announcements of financial results to Bursa Malaysia Securities Berhad ("Bursa");</li><li>• relevant announcements and circulars whenever necessary;</li><li>• meeting with institutional investors and investment communities;</li><li>• the annual and Extraordinary General Meetings; and</li><li>• the Group's website at <a href="http://www.jayatiasa.net">www.jayatiasa.net</a>. Stakeholders can access corporate information, annual report, financial information, company announcements and share prices of the Company from the Company's website. Stakeholders are encouraged to direct their enquiries or concern via electronic mail to <a href="mailto:enquiry@jayatiasa.net">enquiry@jayatiasa.net</a>.</li></ul> <p>The Company has in place Corporate Disclosure Policies and Procedures which provides guidance for disclosure of material information in accordance with the Listing Requirements of Bursa and sets out the roles and responsibilities of Directors, management, employees and other relevant persons in the handling and disclosure of material information to shareholders, regulators and stakeholders.</p> <p>The Company's Investor Relations ("IR") Function undertakes ongoing engagement and communication with investors and investment communities. Investors are continuously informed of the Group's developments via the corporate presentation slides released to the Company's website on quarterly basis immediately after the Board approves the quarterly results. The IR Team conducts regular engagements and communications with investment communities to facilitate mutual understanding of each other's objectives and expectations. IR Reports containing IR activities and investors' concerns are presented to the Board semi-annually for deliberations to enable the Company to understand stakeholders' concerns and to take these concerns into account when making decisions.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

## Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company does not fall under the category of "Large Companies" as defined in the Malaysian Code on Corporate Governance for the time being. Such requirement is therefore not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Notice of the Company's 57th Annual General Meeting ("AGM") held in 2017 was sent to the shareholders 32 days before the date of the AGM.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All Directors attended the Company's 57th Annual General Meeting held on 29 November 2017.  The Directors, senior management and external auditors were present to answer questions and provide clarifications to shareholders.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.3**

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Annual General Meeting of the Company have always been held in Sibu, Sarawak, the State where the Registered Office is situated.</p> <p>The Company has 8,364 central depository account holders as at 31 August 2018. The number of holders is not large to warrant the use of technology to facilitate remote shareholders participation or voting in absentia at this stage.</p> <p>Shareholders are allowed to appoint corporate representatives or proxies to attend, speak and vote on their behalf at General Meeting.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA  
MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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