

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of the Company believes in embracing high standards of corporate governance in order to safeguard the interest of stakeholders and enhance shareholder value.

The Board considers transparency, accountability, integrity and sustainability as the four pillars of good governance. As such, the Board embeds in the Group a culture based on established core values and ethical conduct, as key driver towards delivering long-term success.

This Statement provides an overview of the Company’s application of the three (3) Principles of corporate governance set out in the Malaysian Code on Corporate Governance (“MCCG”):

- Board Leadership and Effectiveness
- Effective Audit and Risk Management
- Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

The details on how the Company has applied each of the Practices under the respective Principles during the financial year ended 30 June 2019 are disclosed in the Company’s Corporate Governance Report 2019 (“CG Report”) which can be downloaded from the Company’s website at [www.jayatiasa.net](http://www.jayatiasa.net).

This Statement, which is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), should be read together with the CG Report.

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

The Board is responsible for long-term growth and delivery of sustainable value to its stakeholders. It sets the strategic direction of the Group and provides effective leadership through oversight of Management and monitoring the business performance in the Group.

Details of the roles and responsibilities of the Board are set out in the **Board Charter** which serves as a guide and primary induction document providing prospective and existing Board Members insights into their responsibilities in discharging their fiduciary and leadership functions. In addition, the Board Charter outlines powers that the Board reserves for itself and those that are delegated to the Management, and responsibilities of Board Committees, Board Chairman and individual Directors to enhance accountability. It is periodically reviewed by the Board to be in line with regulatory changes and is published on the Company’s website at [www.jayatiasa.net](http://www.jayatiasa.net).

The **key responsibilities** of the Board include:

- i. Reviewing and adopting a strategic plan;
- ii. Overseeing the conduct of the Group’s businesses;
- iii. Ensuring effective risk management and internal control; and
- iv. Reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditures.

The Board has established **Board Committees**, namely, the Audit Committee, Nominating Committee and Remuneration Committee in fulfilling its ongoing oversight and stewardship role. The Board Committees have the authority to examine specific issues within their respective terms of reference 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.

There is a **formal schedule of matters** reserved for the Board’s 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 annual budget, quarterly and annual financial statements for announcement, investment and divestment, as well as monitoring of the Group’s financial and operating performance.

As the leader of the **management**, the Deputy Executive Chairman, who is supported by the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and other Senior Management Personnel, develops the corporate and business strategies for the achievement of the Group’s goals. The CEO, who leads the Senior Management Team, Risk Management Committee and Sustainability Committee, is responsible for the effective implementation of the Group’s strategic plan and policies established by the Board, and oversees the day-to-day operations and business of the Group.

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The **Independent Non-Executive Directors** (“INEDs”) are responsible for providing unbiased and independent judgement to the Board and ensure effective check and balance in the Board decision making process. Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) has been identified by the Board to whom concerns of fellow Directors, shareholders and other stakeholders may be conveyed.

The Board has established a **Code of Conduct and Ethics** setting out core areas of ethical conduct expected from the Directors and employees in the performance of their duties to engender good corporate behaviour. The Code of Conduct is available on the Company’s website at [www.jayatiasa.net](http://www.jayatiasa.net). 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.

All the Directors have direct access to the advice and services of the **Company Secretary** to enable them to discharge their duties effectively. The Company Secretary, qualified in accordance with the Companies Act 2016, ensures adherence to the Board policies and procedures, and updates the Board on regulatory and statutory requirements relating to Directors’ duties and responsibilities.

The Directors allocate sufficient time to attend Board and Committee meetings to deliberate on matters under their purview. All Board and Committee members are provided with requisite notices, agenda and **meeting materials** at least five (5) working days prior to meeting. A total of 5 Board of Directors Meetings were held during the financial year. The attendances of each Director are as follows: -

Name of Directors	Meeting Attendance
Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)	5/5
Dato’ Sri Tiong Chiong Hoo	5/5
Dato’ Wong Sie Young	5/5
Dato’ Sri Dr Tiong Ik King	5/5
Mdm Tiong Choon	5/5
Mr Tiong Chiong Hee	4/5
Mr John Leong Chung Loong	5/5
Dato’ Wong Lee Yun	5/5

The Members of the Board received **continuous training** on areas relevant to their duties and responsibilities and to keep themselves abreast of the latest changes to the statutory and regulatory requirements.

All the Directors had completed the Mandatory Accreditation Programme as prescribed by the Listing Requirements of Bursa Securities. The training programmes, briefing and conferences attended by the Directors during the financial year are as follows: -

Director	Title of Programmes/Seminar/Courses/Forum
Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)	<ul style="list-style-type: none"> <li>Malaysia Anti-Corruption Commission (Amendment) Act 2018, Impact on Malaysian Financial Reporting Standards, Anti-Money Laundering and Anti-Terrorism Financing Act 2001</li> </ul>
Dato’ Sri Tiong Chiong Hoo	<ul style="list-style-type: none"> <li>Malaysia Anti-Corruption Commission (Amendment) Act 2018, Impact on Malaysian Financial Reporting Standards, Anti-Money Laundering and Anti-Terrorism Financing Act 2001</li> </ul>
Dato’ Wong Sie Young	<ul style="list-style-type: none"> <li>Malaysia Anti-Corruption Commission (Amendment) Act 2018, Impact on Malaysian Financial Reporting Standards, Anti-Money Laundering and Anti-Terrorism Financing Act 2001</li> <li>2019 Budget and Tax Conference</li> </ul>
Dato’ Sri Dr Tiong Ik King	<ul style="list-style-type: none"> <li>Malaysia Anti-Corruption Commission (Amendment) Act 2018, Impact on Malaysian Financial Reporting Standards, Anti-Money Laundering and Anti-Terrorism Financing Act 2001</li> <li>Forbes Global CEO Conference</li> </ul>

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Director	Title of Programmes/Seminar/Courses/Forum
Tiong Choon	<ul style="list-style-type: none"> <li>中国桥商投资企业协会战略管理与现代管理专题研修班 (China Overseas Chinese Investment Enterprise Association Strategic Management and Modern Management Special Seminar)</li> <li>Malaysia Anti-Corruption Commission (Amendment) Act 2018, Impact on Malaysian Financial Reporting Standards, Anti-Money Laundering and Anti-Terrorism Financing Act 2001</li> </ul>
Tiong Chiong Hee	<ul style="list-style-type: none"> <li>Malaysia Anti-Corruption Commission (Amendment) Act 2018, Impact on Malaysian Financial Reporting Standards, Anti-Money Laundering and Anti-Terrorism Financing Act 2001</li> <li>POC 2019 Palm &amp; Lauric Oils Price Outlook Conference &amp; Exhibition - Manage Uncertainties Harvest Global Opportunities</li> </ul>
John Leong Chung Loong	<ul style="list-style-type: none"> <li>Malaysian Institute of Accountants, GST Changes From 6% to 0% - Transitional Process &amp; Planning</li> <li>Malaysia Anti-Corruption Commission (Amendment) Act 2018, Impact on Malaysian Financial Reporting Standards, Anti-Money Laundering and Anti-Terrorism Financing Act 2001</li> <li>Malaysian Institute of Accountants, Sales &amp; Services Tax: Implementation of SST and Transitional from GST</li> <li>Ernst &amp; Young, 2019 Budget and Tax Conference</li> <li>Lembaga Hasil Dalam Negeri Malaysia, Seminar Percukaian Kebangsaan 2018</li> <li>Malaysian Institute of Accountants, Accounting for Financial Instruments in Accordance with MPERS</li> </ul>
Dato' Wong Lee Yun	<ul style="list-style-type: none"> <li>Malaysia Anti-Corruption Commission (Amendment) Act 2018, Impact on Malaysian Financial Reporting Standards, Anti-Money Laundering and Anti-Terrorism Financing Act 2001</li> <li>JP Morgan - 2019 Outlook</li> <li>CIMB Corporate Day</li> <li>Bank of Singapore - 2019 Market Outlook</li> <li>Citi Roundtable 2019</li> </ul>

## II. BOARD COMPOSITION

The Company is led by an experienced Board with diverse background and expertise in areas such as entrepreneurship, legal, economics, finance, accounting, audit and engineering which are vital for the continuous progress and success of the Group.

Currently, the Board has 8 members comprising 2 Executive Directors and 6 Non-Executive Directors, of whom 3 are INEDs. This composition fulfills the requirements set out in the Listing Requirements of Bursa Securities, which stipulates that at least 2 Directors or 1/3 of the Board, whichever is higher, must be Independent. The **profile of the Directors** are set out on pages 3 to 6 of the Annual Report.

The **Nominating Committee (NC)** is entrusted to identify and nominate suitable candidate for Board appointment and assesses annually the effectiveness of the Board and Board Committees, the performance of Directors, Board diversity, and other qualities of the Board including core-competencies which the INEDs should bring to the Board. The Board has the ultimate responsibility of making the final decision on appointment of new Directors.

Based on the annual assessment conducted on 27 August 2019, the NC concluded that the Board, Board Committees and individual Directors have the relevant skill sets, and have effectively discharged their stewardship responsibilities to meet the needs of the Company. Accordingly, the Board recommended the **re-election** of the retiring Directors for re-appointment at the forthcoming Annual General Meeting ("AGM").

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Based on the current Board size, the NC indicated a need to identify potential candidates for the appointment of one additional INED to gradually meet MCG's Practice 4.1 of having at least 50% independent Directors on the Board.

The NC also assessed the **independence of INEDs** for the financial year 2019 and concluded that all the INEDs has satisfied the independence criteria set out in the Listing Requirements of Bursa Securities, and they are able to continue to demonstrate their independent judgement and objectivity on matters that are brought to the Board.

The Board, based on the assessment and recommendation of NC is of the opinion that the independence of all the INEDs remain unimpaired and their judgements over business dealings of the Company have not been influenced by the interest of other Directors and substantial shareholders. Therefore, the Board will seek shareholders' approval at the forthcoming AGM for the continuance of Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd), Mr. John Leong Chung Loong and Dato' Wong Lee Yun (with tenure of more than 9 years) as INEDs for the ensuing financial year based on justifications set out in the Notes to the Notice of the AGM.

### A summary of key activities of the NC during the financial year 2019 are as follows:-

- reviewed Board size and composition based on mix of skills, experience, knowledge and diversity;
- assessed the effectiveness of the Board as a whole and the Board Committees;
- evaluated the performance of individual Directors;
- assessed the independence of INEDs;
- reviewed and recommended the re-election of Directors who are due for retirement by rotation, and continuation in office as INEDs who have served for a cumulative term of more than 9 years; and
- reviewed the proposed policies and procedures for the remuneration of Directors and Senior Management.

The Board has formalised a **Board Diversity Policy** as set out in Appendix B of the Board Charter which is published on the Company's website. The Board strongly advocates corporate culture that embraces diversity when determining its composition taking into accounts the skills and industry experience,

knowledge, gender, and other qualities of Directors, in the context of the needs and goals of the Company. The differences in the qualities of Directors will be balanced appropriately, whenever possible, in determining the optimum composition of the Board.

Currently the Board consists of eight (8) members, comprising six (6) male Directors and two (2) women Directors. This Board composition is in line with the target set in the Board Diversity Policy.

## III. REMUNERATION

### REMUNERATION COMMITTEE

The key responsibility of Remuneration Committee ("RC") is reviewing and recommending to the Board the framework and remuneration packages including performance related pay scheme for Executive Directors. Its terms of reference had been expanded to include reviewing and recommending policy and procedures on remuneration of Board and Senior Management.

### POLICIES AND PROCEDURES

The Board has, on 29 August 2018, formalised the Policies and Procedures on Remuneration for the Directors and Senior Management in accordance with Practice 6.1 of MCG. This is in line with the objective to attract, reward, motivate and retain valuable Directors and Senior Management who lead the Group towards realizing its corporate strategies and long-term success.

### DIRECTORS' REMUNERATION

The remuneration of Executive Directors is linked to the performance, experience, skill set and extent of responsibility. In the case of Non-Executive Directors, their remuneration shall commensurate with their responsibilities, including their involvement in and contribution to the Board and Board Committees, and attendance at meetings.

As a matter of good practice, the Directors abstained from deliberation on his own remuneration at Board Meetings.

Total remuneration received by the Directors of the Company for the financial year ended 30 June 2019 is RM3,092,078. Details a of the remuneration for each of the Directors on a named basis are disclosed under Practice 7.1 of the CG Report uploaded on the Company's website at [www.jayatiasea.net](http://www.jayatiasea.net). None of the Directors of the Company received any remuneration from any subsidiary within the Group during the financial year.



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### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. AUDIT COMMITTEE

The Board has established an Audit Committee ("AC") to assist in discharging its duties on financial reporting. The AC consists of three (3) members, all of whom are Independent Non-Executive Directors. The composition of the AC, its roles and responsibilities and summary of activities carried out during the financial year are set out in the AC report of this Annual Report.

The key responsibility of the AC is to assist the Board in overseeing the integrity and reliability of the financial statements and ensuring that they comply with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016. Such financial statements include the quarterly financial statements announced to Bursa Securities and the annual audited financial statements.

The Terms of Reference of the AC has been amended to include the requirement 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 AC.

The Board is cognizant of its role in upholding the integrity in financial reporting of the Company. The AC, which assists the Board in overseeing the financial reporting process, has adopted the Auditor Independence Policy setting out criteria in assessing the suitability and independence of the External Auditors including the type of non-audit services that could be provided by the External Auditors and the need to obtain the AC approval for non-audit services exceeding the threshold level.

#### II. RISK MANAGEMENT AND INTERNAL CONTROL

The Board affirms its responsibility for the Group's system of risk management and internal control which includes the establishment of an appropriate internal control environment and risk management framework as well as reviewing its adequacy and effectiveness. This is to safeguard shareholders' investments and the Group's assets.

The details on the Risk Management Framework and its associated initiatives undertaken during the financial year are set up in the Statement on Risk Management and Internal Control of this Annual Report.

##### Internal Audit Function

The Company has in place an in-house internal audit department ("IAD") which reports directly to the AC.

The primary function of the IAD is to assist the AC in discharging its oversight role in assuring the adequacy and integrity of the Group's system of internal control. The AC approves the annual audit plan. The internal audit function adopts a risk-based approach in executing the internal audit plan that focuses on major business units and operations within the Group.

Details of the work of the Internal Audit Function are set out in the AC Report of this Annual Report.

### PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### I. COMMUNICATION WITH STAKEHOLDERS

The Board is committed to being transparent and accountable to the Company's stakeholders by ensuring that material information concerning the Company is disclosed to them timely. Communication and engagement with stakeholders include:

- quarterly announcement on financial results to Bursa Securities;
- other company announcements and circulars to shareholders whenever necessary;
- annual report and General Meetings;
- ongoing engagement and communication with investors and investment communities; and
- the Group's website at [www.jayatiasa.net](http://www.jayatiasa.net) where stakeholders can access corporate information, annual report, financial information, company announcements and share prices of the Company. To effectively address any issues, the Group has dedicated an electronic mail address at [inquiry@jayatiasa.net](mailto:inquiry@jayatiasa.net) where stakeholders can direct their queries and concerns.

The Company has in place the Corporate Disclosure Policies and Procedures which provides guidance for disclosure of material information in accordance with the Listing Requirements of Bursa Securities 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.

The Company's Investor Relations ("IR") Function undertakes ongoing engagement and communication with investors and investment communities. IR Reports containing IR activities and investors' concerns are presented to the Board for deliberations to enable the Company to understand stakeholders' concerns and to take those concerns into account when making decisions.

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### II. CONDUCT OF GENERAL MEETINGS

The Annual General Meeting (“AGM”), which is the principal forum for shareholder dialogue, allows shareholders to review the Group’s performance via the Company’s Annual Report and pose questions to the Board for clarification.

The notice to shareholders is given at least 28 days in advance of the AGM. Hence, the Notice of the AGM held last year was issued on 30 October 2018, being 28 clear days in advance of the AGM held on 28 November 2018.

Shareholders are encouraged to participate in the proceedings and question and answer session of the AGM before putting each resolution to vote.

At the last AGM, the Chairman also shared with the shareholders at the meeting responses to questions submitted in advance by the Minority Shareholder Watchdog Group.

The full Board of Directors, the CFO and Chief Operating Officers attend the AGM to address matters brought up by shareholders. A scrutineer was appointed to validate the votes cast at the AGM. All resolutions proposed were duly passed and the outcome of the AGM was announced to Bursa Securities on the same day of the meeting. A summary of key matters discussed at the AGM was made available on the Company’s website.

This Statement was approved by the Board on 17 October 2019.