

## 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 corporate governance. As such, the Board embeds in the Group a culture that is aligned with the values and ethical standards the Group upholds, as key driver towards delivering long-term strategic 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”):

- Principle A - Board Leadership and Effectiveness
- Principle B - Effective Audit and Risk Management
- Principle C - 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 2020 are disclosed in the Company’s Corporate Governance Report 2020 (“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

##### 1. Board Duties and 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. The Board Charter outlines powers that the Board reserves for itself and those that are delegated to the Board Committees and the management. It also sets out the responsibilities of the Executive Chairman, Chief Executive Officer (CEO), individual Directors and Non-Executive Directors to enhance accountability. The Board Charter is periodically reviewed 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.

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.

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### 2. Board Committees

The Board has established Board Committees, namely the Audit Committee, Nomination 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.

### 3. Executive Chairman and Chief Executive Officer

The roles of the Executive Chairman and Chief Executive Officer (CEO) are distinct and separate, and the positions are held by different individuals to promote accountability and division of responsibilities between them.

The Executive Chairman is primarily responsible for providing leadership to the Board and instilling good corporate governance practices. As the leader of the management, he is supported by the CEO, Chief Financial Officer ("CFO") and other senior management personnel in developing 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.

### 4. Company Secretary

The Board is supported by a qualified, experienced and competent Company Secretary.

The Company Secretary, Ms Ngu Ung Huong, is a Fellow Member of the Malaysian Institute of Chartered Secretaries and Administrators. She is responsible for updating and advising the Board on regulatory, statutory, corporate governance, policy and procedure requirements relating to Directors' duties and responsibilities.

All the Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively.

### 5. Ethical Standards

To inculcate good ethical standards in the Group's daily business dealings and employees' behaviour at work, the Board has established a Code of Conduct and Ethics setting out core values and areas of ethical conduct expected from the directors and employees including managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering, protecting company assets, and compliance with laws, rules and regulations.

The Anti-Bribery and Corruption Policy established by the Board essentially sets out the Group's overall position on bribery and corruption and provides information and guidance to ensure employees understand their responsibilities in complying with the Group's zero-tolerance approach on bribery and corruption.

The Company has in place a whistleblowing policy which provides an avenue for any party to raise concern in good faith about improper conduct(s) committed by an employee within the Group through formal procedures and confidential channels provided therein, without risk of reprisal.

The Code of Conduct and Ethics, Anti-Bribery and Corruption Policy and whistleblowing policy are published on the Company's website at [www.jayatiasa.net](http://www.jayatiasa.net).

### 6. Meeting and Time Commitment

Each Board member is expected to commit sufficient time to attend the Board and Committee meetings to deliberate on matters under their purview. The Board meetings for each calendar year are scheduled at the beginning of the calendar year for Directors to plan and fix the year's meeting into their schedules.

All Directors of the Company have complied with the Listing Requirements of Bursa Securities of not holding more than five (5) directorships in listed issuers at any given time. This is to ensure the Directors do not have competing time commitment that may impair their ability to discharge their duties effectively.

All Board and Committee members are provided with requisite notices, agenda and meeting materials at least five (5) business days prior to the meeting.

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A total of five (5) Board of Directors Meetings were held during the financial year. The attendances of the existing Director are as follows: -

Name of Directors	Meeting Attendance
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
Dato' Wong Lee Yun	5/5
Mr Yong Voon Kar (Appointed on 2 January 2020)	2/2
Tan Sri Dato' Sri Mohamad Fuzi Bin Harun (Appointed on 2 March 2020)	1/1

### 7. Directors' Training

The Directors received continuous training to acquire and/or enhance the requisite knowledge and skill in areas relevant to their duties and responsibilities.

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 existing Directors during the financial year are as follows: -

Director	Title of Programmes/Seminar/Courses/Forum
Dato' Sri Tiong Chiong Hoo	<ul style="list-style-type: none"> <li>• Labour Laws Series Program</li> </ul>
Dato' Wong Sie Young	<ul style="list-style-type: none"> <li>• Labour Laws Series Program</li> </ul>
Dato' Sri Dr Tiong Ik King	<ul style="list-style-type: none"> <li>• Corporate Liability Provision Under MACC Amendment Act 2018 – Safeguarding the Group, its Directors Top Management &amp; Personnel against Corruption Prosecution</li> <li>• Forbes Global CEO Conference – Transcending The Turbulence</li> </ul>
Tiong Choon	<ul style="list-style-type: none"> <li>• Malaysia-China Belt &amp; Road Economic Cooperation Forum 2019</li> </ul>
Tiong Chiong Hee	<ul style="list-style-type: none"> <li>• Forbes Global CEO Conference – Transcending The Turbulence</li> </ul>
Dato' Wong Lee Yun	<ul style="list-style-type: none"> <li>• The Convergence of Digitisation and Sustainability</li> <li>• Raising Defences: Section 17A, MACC Act</li> </ul>
Yong Voon Kar	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme</li> </ul>
Tan Sri Dato' Sri Mohamad Fuzi Bin Harun	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme</li> </ul>

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### 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.

As at the financial year ended June 2020, the Board has ten (10) members following the appointment of two (2) new Independent Non-Executive Directors (Independent Directors), namely Mr Yong Voon Kar and Tan Sri Dato' Sri Mohamad Fuzi Bin Harun on 2 January 2020 and 2 March 2020 respectively.

Subsequent to the financial year:

- i) Two (2) Independent Directors, namely Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) and Mr John Leong Chung Loong resigned on 30 July 2020 and 5 August 2020 respectively. The Board would like to express its sincere appreciation and gratitude to them for their invaluable services and contributions to the Company during their tenure in office.
- ii) The Board has also on 15 October 2020 redesignated Dato' Sri Tiong Chiong Hoo, the Deputy Executive Chairman, as Executive Chairman of the Company.

Consequent to the aforesaid changes, the Board has eight (8) members and the composition is as follows:

#### Executive Directors

Dato' Sri Tiong Chiong Hoo (*Executive Chairman*)  
Dato' Wong Sie Young (*Chief Executive Officer*)

#### Non-Independent Non-Executive Directors

Dato' Sri Dr Tiong Ik King  
Mdm Tiong Choon  
Mr Tiong Chiong Hee

#### Independent Non-Executive Directors

Dato' Wong Lee Yun  
Mr Yong Voon Kar  
Tan Sri Dato' Sri Mohamad Fuzi Bin Harun

The **profile of the Directors** are presented on pages 16 to 20 of the Annual Report.

### 1. Board Diversity

The Board strongly advocates a 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.

During the financial year, two (2) Board members are women Directors. This composition is in line with the target set in the Board Diversity Policy which requires the Board to comprise at least two (2) women Directors to bring value to Board discussions from the different perspectives and approaches of the women Directors.

The Board Diversity Policy is set out in Appendix B of the Board Charter and is published on the Company's website at [www.jayatiasa.net](http://www.jayatiasa.net).

### 2. Board Independence

The Independent Directors are responsible for providing unbiased and independent judgment to the Board and ensure effective check and balance in the Board decision making process.

Currently, three (3) of the eight (8) Board members are Independent Directors. This composition fulfills the requirements set out in the Listing Requirements of Bursa Securities, which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be Independent. However, this is not in line with the MCGG's Practice 4.1 requiring at least 50% independent Directors on the Board.

The Company measures the independence of Directors based on the criteria stipulated in the Listing Requirements of Bursa securities in which a Director should be independent and free from any business or other relationship that could interfere with the exercise of the independent judgment or the ability to act in the best interest of the Company.

The retention of independent directors after serving a cumulative term of nine (9) years is subject to shareholders' approval in line with the recommended Practice of the MCGG.

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### 3. Re-election of Directors

The re-election of the Directors is done in accordance with the Company's Constitution.

Article 81 of the Company's Constitution provides that one-third of the Directors are subject to retirement by rotation at every AGM and each director shall retire from office at least once in every three (3) years. Article 85 further provides that the newly appointed Director shall retire from office at the next AGM subsequent to his appointment.

The retiring Director(s) shall be eligible for re-election.

### 4. Nomination Committee

The **Nomination Committee (NC)** is entrusted to recommend suitable candidate for Board appointment. The NC assesses annually the effectiveness of the Board and Board Committees, the performance of Directors and Board independence and diversity. The Board has the ultimate responsibility of making the final decision on the appointment of new Directors.

#### A summary of key activities of the NC during the financial year 2020 are as follows:-

- assessed and recommended the appointment of two (2) new Board members as Independent Directors and Board Committee members for Board approval;
- reviewed Board size and composition based on the required mix of skills, experience, knowledge and diversity;
- assessed the effectiveness of the Board as a whole and the Board Committees;
- evaluated the performance and contribution of individual Directors;
- reviewed and assessed the independence of Independent Directors; and
- reviewed and recommended the re-election of Directors who were due for retirement by rotation, and the continuation in office as Independent Director who had served for a cumulative term of more than nine (9) years for shareholders' approval at the forthcoming AGM.

### 5. Board Evaluation

The annual evaluation conducted by the NC on 24 August 2020 concluded that the Board, Board Committees and individual Director possess the relevant skill sets, and have effectively discharged their stewardship responsibilities to meet the Company's needs.

The NC is satisfied that the retiring Directors should be re-elected as Directors of the Company at the forthcoming AGM. Accordingly, the Board recommended **re-election** of the following retiring Directors for shareholders' approval at the forthcoming AGM:

- a) Re-election pursuant to Article 81 of the Constitution of the Company:
  - i) Dato' Sri Tiong Chiong Hoo
  - ii) Mr Tiong Chiong Hee
- b) Re-election pursuant to Article 85 of the Constitution of the Company:
  - i) Mr Yong Voon Kar
  - ii) Tan Sri Dato' Sri Mohamad Fuzi Bin Harun

The NC also assessed the independence of the Independent Directors for the financial year 2020 and concluded that all Independent Directors have satisfied the independence criteria set out in the Listing Requirements of Bursa Securities, and they are able to continue to demonstrate their independent judgment and objectivity on matters that are brought to the Board.

Dato' Wong Lee Yun has served as an Independent Director for a cumulative period of more than nine (9) years. The Board, based on the assessment and recommendation of NC, is of the opinion that her independence remains unimpaired and her judgements over business dealings of the Company has not been influenced by the interest of other Directors and substantial shareholders. Therefore, the Board recommended to retain her as an Independent Director for the ensuing financial year subject to shareholders' approval at the forthcoming AGM based on justifications set out in the Notes to the Notice of the AGM.

Based on the current Board size the NC indicated a need to continue identifying potential candidates for the appointment of additional Independent Directors to meet MCCG's Practice 4.1 of having at least 50% independent Directors on the Board.

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## III. REMUNERATION

## Remuneration Committee

The key responsibility of the 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 formalised the Policies and Procedures on Remuneration for the Directors and Senior Management in accordance with Practice 6.1 of MCCG. This is in line with the objective to attract, reward, motivate and retain valuable Directors and Senior Management who lead the Company and its subsidiaries towards realizing its corporate strategies and long-term success.

## Directors' Remuneration

In recommending the remuneration of the Executive Directors, the Remuneration Committee take into consideration factors including the performance, experience, skill set, extent of responsibility and the market rate in comparable companies.

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/her own remuneration at Board Meetings.

The total remuneration receivable by the Directors from the Company for the financial year ended 30 June 2020 was RM2,532,327. None of the Directors of the Company received any remuneration from any subsidiaries within the Group during the financial year.

The details of the remuneration for each of the Directors of the Company distinguishing between executive and non-executive Directors are set out below:

	Salary RM	Fees RM	Bonus RM	Other Emoluments RM	Total RM
<b>Executive Directors (ED)</b>					
Dato' Sri Tiong Chiong Hoo	543,360	-	135,840	101,627	780,827
Dato' Wong Sie Young	548,640	-	137,160	71,625	757,425
<b>Total ED's Remuneration</b>	<b>1,092,000</b>	<b>-</b>	<b>273,000</b>	<b>173,252</b>	<b>1,538,252</b>
<b>Non-Executive Directors (Non-ED)</b>					
Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)	-	180,500	-	81,325	261,825
Dato' Sri Dr Tiong Ik King	-	75,000	-	8,000	83,000
Tiong Choon	-	78,300	-	8,000	86,300
Tiong Chiong Hee	-	78,300	-	8,000	86,300
John Leong Chung Loong	-	140,400	-	8,000	148,400
Dato' Wong Lee Yun	-	102,900	-	152,000	254,900
Yong Voon Kar	-	43,550	-	3,200	46,750
Tan Sri Dato' Sri Mohamad Fuzi Bin Harun	-	25,000	-	1,600	26,600
<b>Total Non-ED's Remuneration</b>	<b>-</b>	<b>723,950</b>	<b>-</b>	<b>270,125</b>	<b>994,075</b>
<b>Total for the year ended 30 June 2020</b>	<b>1,092,000</b>	<b>723,950</b>	<b>273,000</b>	<b>443,377</b>	<b>2,532,327</b>



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### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. AUDIT COMMITTEE

The Board has established an Audit Committee (“AC”) which consists of three (3) members, all of whom are Independent Non-Executive Directors. The AC is chaired by an Independent Non-Executive Director who is not the chairman of the Board.

The AC is primarily responsible for the oversight and monitoring of:

- the integrity and reliability of the financial statements and ensuring that they comply with the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 2016;
- Internal control;
- related party transactions (RPT) including recurrent RPT; and
- the appointment, scope of work and evaluation of the external auditors.

The Board took note of Practice 8.2 of the MCCG and has adopted a policy requiring 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. This is to safeguard the independence of the AC by avoiding the potential situation when a former key audit partner is able to exert significant influence over the audit and preparation of the Company’s financial statements.

The Board is cognizant of its role in upholding the integrity in the financial reporting of the Company. Accordingly, 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.

The composition of the AC, its roles and responsibilities, attendance record and summary of activities carried out during the financial year are set out in the AC report of this Annual Report.

### II. RISK MANAGEMENT AND INTERNAL CONTROL

The Board affirms its overall 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 of 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 recognizes the importance of effective and proactive engagement with the shareholders and stakeholders.

The Company’s Investor Relations (“IR”) Function undertakes ongoing engagement and communication with key institutional investors and analysts. 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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The Board is committed to being transparent and accountable to the Company's stakeholders. Material information such as the financial results is disclosed to them timely. Up-to-date information on financial performance and operational review are made available on the Company's website.

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 Meeting;
- 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.

### II. CONDUCT OF GENERAL MEETINGS

The Annual General Meeting (AGM) allows shareholders to review the Group's performance via the Company's Annual Report and pose questions

to the Board for clarification. It also serves as the principal forum for dialogue and communication between shareholders and the Board.

Shareholders are encouraged to ask questions about the resolutions being proposed and the operations of the Company, and communicate their expectation and concerns. Questions posed are, wherever possible, answered in details.

At the last AGM, the responses to questions submitted by the Minority Shareholders Watch Group prior to the AGM were shared with the shareholders during the AGM.

The notice and agenda of last year's AGM together with the Form of Proxy were given to shareholders twenty-eight (28) days before the date of the AGM allowing shareholders sufficient time to make arrangement to attend the AGM or appoint proxy to vote and attend on his behalf.

All the resolutions set out in the notice of the AGM were voted by polling. The polling procedures were explained during the AGM and the poll results were verified by the appointed scrutineer.

A summary of the minutes of the AGM was made available to the shareholders and public on the Company's website at [www.jayatiasa.net](http://www.jayatiasa.net).

This Statement was approved by the Board on 16 October 2020.