

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7223
COMPANY NAME : JADI IMAGING HOLDINGS BERHAD
FINANCIAL YEAR : 31 MARCH 2020

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board sets the Group's long term goals and objectives. The Board establishes the strategic directions and targets in achieving those goals and objectives. The Board is guided by the prevailing legal and regulatory requirements as well as the Group's policies in discharging its fiduciary duties and responsibilities with due care, skill and diligence.</p> <p>Board Committees comprised of Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC") are established to assist the Board in discharging its duties effectively. The Terms of Reference ("TOR") of each Board Committee are available for reference in the Group's website at www.jadi.com.my.</p> <p>The Board has established Board Charter to provide guidance on its roles and responsibilities. The Board Charter is available for reference in the Group's website at www.jadi.com.my.</p> <p>The Board assumes, amongst others, the following responsibilities:</p> <ul style="list-style-type: none">•Reviews and adopts the Group's overall strategic plans, major investments and funding requirements for the Group by conducting discussion with Executive Directors•Promotes good corporate governance culture within the Group•Oversee and assess the conduct of the Group's business. The Group CEO will explain to the Board on the current Group's business as and when questions are raised during the Board meetings.•Assess management performance to determine the Group's business is properly managed•Identifies principal risks and ensure proper internal controls are implemented to manage these risks•Ensure succession planning of senior management with right skillsets•Oversee and ensure effective communication with shareholders are implemented

	<ul style="list-style-type: none"> •Review and ensure the integrity of financial and non-financial management information •Promotes sustainability to ensure long-term value creation 	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman plays an important role in leading the Board members to make an effective decision and instilling good corporate governance practices. The responsibilities of the Chairman are made available for reference in the Group's website at www.jadi.com.my.</p> <p>All Directors are encouraged to share their views on the Group's affairs and issues and they are entitled to have access to the senior management who will respond to queries raised by the Directors.</p> <p>The responsibilities of the Chairman, amongst others, are as follows:</p> <ul style="list-style-type: none"> • Leads an effective corporate governance system • Lead the Board and ensure its effectiveness of all aspects of its role • Ensure the efficient organization and conduct of the Board's function and meetings • Facilitate the effective contribution of all Directors at the Board's meetings • Ensure effective communication with shareholders and relevant stakeholders
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is mindful of the dual role of Chairman and Chief Executive held by Mr Liew Kim Siong whereas the Board is always maintained with at least three (3) Independent Directors to allow for independent deliberation, review and decision making for an effective oversight of management.</p> <p>Mr Liew Kim Siong is the founder of the Group since 1999, he has considerable experience in the Group's businesses and provides leadership to the Board in considering and setting the overall strategies and objectives of the Group.</p> <p>The Board is of the view that it is in the interest of the Group to maintain the above arrangement so that the Board could have the benefit of a chairman who is highly knowledgeable about the business and operations of the Group.</p> <p>In addition to that, currently we have a Senior Independent Non-Executive Director on Board which serves as a sounding board to the Chairman.</p> <p>In the annual board performance assessment conducted, the strong score rating awarded by the Directors in connection with the Chairman's role provided the necessary measure and justification that Mr Liew Kim Siong is able to carry out such role and responsibilities required of him.</p> <p>The role of the Chairman was also assessed in terms of his ability to lead the board effectively, encourage contribution and participation from all members, effectiveness in chairing the general meeting and able to answer queries satisfactory.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group recognises the importance to have a suitably qualified and competent Company Secretary as a central point for governance matters. The Group has outsourced the role of company secretary services to Tricor Corporate Services Sdn. Bhd. They possess sound knowledge in companies' law, regulations and other compliances such as listing requirements. They provide corporate governance and compliance advisory, ensuring the Board adhered to. They also manage the meeting and records of minutes, as well as facilitating Board's communication.</p> <p>In addition, the Company Secretary manages processes pertaining to general meetings and act as a focal point for stakeholders' communication and corporate governance matters.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>Regular Board meetings are held on a quarterly basis to review, seek additional information and/or clarification on the matters and approve the financial results of the Group. Ad hoc Board meetings will be held as and when necessary to deliberate on matters which require the Board's decision.</p> <p>Meeting agenda is developed and structured covering from financial and non-financial information, to matters reserved for the Board's decision. Notice of meetings is circulated at least 7 days prior to the meetings. Meeting materials are circulated approximately 7 days prior to the meeting or such other period as deemed appropriate by the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>Clear functions of the Board and management are essential to ensure no overlaps in the point of accountability and all parties are clear of their respective roles and responsibilities. The Board therefore has developed Board Charter to set out respective roles and responsibilities of the Board, Board Committees and management.</p> <p>The Board is clear on matters reserved for its decision which is also stipulated in the Board Charter. Matters reserved for the Board's decision are such as major capital expenditures, business acquisitions and restructuring, corporate proposals and annual budgets.</p> <p>Board Charter and TOR of each Board committee are available for reference in the Group's website at www.jadi.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has a Code of Conduct and Ethics ("Code") which applies to all employees and Directors of the Group. The Code, together with other related policies, procedures and guidelines which are disseminated to employees are set to promote good business conduct and a healthy corporate culture. The Board will steer the strategic direction of the Group in an ethical manner and review as and when necessary.</p> <p>The Code is as follows:</p> <ul style="list-style-type: none"> • Confidential information • Business records and control • Misconduct • Integrity and good faith • Fair and courteous behaviour • Protection of assets and funds • Safety and health • Conflict of Interest • Conserving environment and natural resources • Sexual harassment • Anti-Money Laundering • Insider Trading <p>The Code is reviewed regularly as and when deemed necessary by the Board. The details of the Code are available for reference in the Group's website at www.jadi.com.my.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board encourages employees and other stakeholders to whistle blow any genuine concerns in relation of violating laws, regulations and the Code of Ethics and Conduct ("the Code"). This is to promote good business conduct and outline what is considered acceptable practice in the Group.</p> <p>The Group's Whistle blowing guidance is available for reference in the Group's website at www.jadi.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>As at financial year ended on 31 March 2020, the Board is comprised of seven (7) members of which three (3) are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director as follows:</p> <ol style="list-style-type: none"> 1) Dato' Sri Liew Lee Leong 2) Mr Lim Chee Khang 3) Dato' Dr Lee Chung Wah 4) Dai ShuChun¹ <p>¹ Appointed on 16 October 2019</p> <p>During the financial year under review, one (1) Non-Independent Non-Executive Director namely Mr Dai ShuChun was appointed on 16 October 2019.</p> <p>This is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad which require at least three (3) directors or one-third (1/3) of the Board members, whichever is the higher, to be Independent Directors.</p> <p>With current Board composition, all Board members are discharging its duties and responsibilities effectively, objectively and independently by actively participating in the meetings, questioning and requesting for further information. Matters are deliberated for Board's clarification before a decision is made by the Board as a whole. Independent directors with many years of experience in respective fields of backgrounds have contributed in making decision more objectively, in the best interest of the Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>At present, all Independent Non-Executive Directors on the Board did not exceed a cumulative term limit of nine years. As stipulated in the Board Charter, the tenure of an Independent Directors shall not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. The Board has to justify and seek shareholders' approval at the Group's Annual General Meeting in the event it retains as an independent director, a person who has served in that capacity for more than nine years.</p> <p>Dato' Sri Liew Lee Leong and Mr Lim Chee Khang, Independent Non-Executive Directors, were appointed to the Board on 20 July 2018, Dato' Dr Lee Chung Wah was appointed on 27 November 2018 and Mr Dai ShuChun was appointed on 16 October 2019. With their diverse backgrounds and many years of experience gained from their field of expertise, this will contribute to making Board decision more effectively, objectively and independently.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application :	Not adopted
Explanation on adoption of the practice :	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board embraces diversity among its members and has ensured a good representation of the relevant skills and experience for the discharge of its duties. Currently, Board members are comprised with skills ranging from highly experienced professionals, business entrepreneurs with many years of market insights in the relevant industry which are valuable to assist the Group in achieving its objectives and strategic direction.</p> <p>The Board is satisfied with the current composition which represents a balanced mix of essential skills, experience and knowledge to ensure the capable management and leadership of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges the importance of gender diversity.</p> <p>Currently, there are one (1) female member on the Board out of the total seven (7) Board members which accounts for 14% of the Board members. The Board also values the diversity of perspectives and experience at Senior Management level, at present there is one (1) female member forming part of the Key Senior Management.</p> <p>The Nomination Committee ("NC") will take steps to strengthening the pipeline of high-calibre candidates by encouraging senior female executives within the business.</p> <p>The Board will continuously strive to achieve a diverse Board composition in terms of gender, age and ethnicity to facilitate in making decisions objectively.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently, the Board relies on recommendations from the Nomination Committee and existing Board members, management or major shareholders.	
		<p>Nomination Committee (“NC”) will carry its responsibilities in assessing skills, knowledge, expertise and experience of the shortlisted candidates and recommendations will be made to the Board. Candidates are assessed thoroughly based on their competence, integrity, experience, character and time as per stipulated in Paragraph 2.20A of Bursa Listing Requirement. This assist to ensure the Board is comprised of Board members with diverse experience, competence and perspectives in making Board decision effectively.</p> <p>When necessary, the Board may consider utilising independent sources to identify suitable qualified candidates.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	Nomination Committee is currently chaired by Dato' Sri Liew Lee Leong, Senior Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>Nomination Committee (“NC”) has carried out annual assessment for each individual director, the Board and its committees. Evaluations forms were adopted based on the prescribed forms recommended by Bursa Securities and Malaysian Code on Corporate Governance (“MCCG”), to assess the Board’s structure, operation, role and responsibilities, individual director’s character, competency, time commitment, integrity and experience. After evaluation forms were filled in by each director, discussions and deliberations will be carried out by NC and Board members.</p> <p>After the assessment, the Board satisfies the level of independence by all independent directors. All decisions are made by the Board as a whole, with an objective judgement.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Group does not have a formalised remuneration policies and procedures for Directors and Senior Management. The Board is guided by the present remuneration practices and procedures, and the existing stipulations on remuneration that is contained in the various promulgations such as Companies Act 2016 and the MMLR by Bursa Securities, to determine their remuneration. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of the Directors.</p> <p>The Directors' Fees and benefits payable, which have been reviewed by the Board, are recommended to the shareholders for approval at the forthcoming annual general meeting.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	The Board has delegated to Remuneration Committee to review and recommend the remuneration packages for Directors and Senior Management of the Group. The Terms of Reference of Remuneration Committee which clearly sets out its duties and functions has been approved by the Board. The Terms of Reference is made available on the Group's website at www.jadi.com.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The Board ensures that information relating to Directors’ remuneration is made transparent to all shareholders. The detailed disclosure on Directors’ remuneration during the financial year under review is disclosed on named basis in the Corporate Governance Overview Statement of the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board has taken an alternative approach to achieve the intended outcome of allowing shareholders to assess whether the remuneration of senior management is commensurate with their individual performance, taking into consideration the Group's performance, as disclosed below. The Board believes this is a good balance, having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business activities.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Not adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	At present, the Chairman of AC who is a Senior Independent Non-Executive Director is not the Chairman of the Board. The AC comprises three members, all of whom are Independent Non-Executive Directors. The Board is therefore able to review audit findings and recommendations objectively and independently.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>Currently, the AC does not have any former key audit partner as a AC member. However, the AC has included the cooling-off period of at least two years for a former key audit partner before being appointed as a member of the AC in its revised Terms of Reference of the AC.</p> <p>The revised TOR of the AC is available on the Group’s website at www.jadi.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>One of AC duties and functions is responsible for assessing the suitability, objectivity and independence of external auditors and to make recommendations to the Board on the appointment of the external auditors. Independence and performance of external auditors are assessed via question and answer during private sessions conducted with the external auditors. AC also reviews the fee of the total non-audit work carried out by the auditor to ensure there is no impairment of independence and objectivity. In addition to that, there is a written assurance by PKF stating its independence in the Independent Auditors' Report. During the financial year under review, AC has met with the external auditors twice, in the absence of the management.</p> <p>Under the Terms of Reference of AC, the committee will assess the objectivity, performance and independence of the external auditors. The Terms of Reference has been updated and made available in the Group's website at www.jadi.com.my.</p> <p>None of the Board members were former key audit partners. As per stipulated in the Terms of Reference of AC, in the event if a former key audit partner to be appointed as a member of AC, at least two (2) years of cooling-off period have to be observed prior to the appointment.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Adopted
Explanation on adoption of the practice	:	AC comprised of at least three members, all of whom are Independent Non-Executive Directors. This enables the AC to exercise their independent judgement objectively in the best interest of the Group.

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.

Application	:	Applied	
Explanation on application of the practice	:	Collectively, the AC as a whole have a wide range of experience and expertise in various industries. During quarterly meetings, AC continuously probe and inquire hard questions on the financials until they are completely satisfied with the feedback provided. Members of AC received ongoing trainings and continuous development sets out in the Corporate Governance Overview Statement.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges that it is ultimately responsible for the Group's systems of risk management and internal control and for reviewing the adequacy and effectiveness of the risk management and internal control systems to ensure that shareholders' interests and the Group's assets are safeguarded. In this respect, the responsibility of reviewing the adequacy and effectiveness of the internal control systems has been delegated to AC, which is empowered by its terms of reference to seek the assurance on the adequacy and effectiveness of the internal control systems through reports it receives from independent reviews conducted by the internal audit function and Management.</p> <p>Details of the Group's risk management and internal control system are disclosed in the Statement on Risk Management and Internal Control of the Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is responsible for managing the key business risks of the Group and implementing appropriate internal control system to manage those risks. The Board via AC reviews the adequacy and effectiveness of the system of internal controls framework and risk management framework. RMC is a sub-committee under AC, will review and monitor the overall Group's risk management policies.</p> <p>The Statement on Risk Management and Internal Control set out in the Annual Report provides an overview of the internal control within the Group during the financial year under review.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Not adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's internal audit function is outsourced to a professional service firm, Axcelasia Columbus Sdn Bhd to assist the Board as well as AC in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. Axcelasia reports directly to AC.</p> <p>AC reviews the following and report the same to the Board:</p> <p>a) Adequacy of the scope, competency and resources of the internal audit function and that it has necessary authority to carry out its work; and</p> <p>b) The internal audit plan, processes, the results of internal audit assessments and investigations and those actions are taken on the recommendation.</p> <p>AC will perform assessment on internal audit function to ensure that internal audit function is effective and able to function independently.</p> <p>The Audit Committee Report and Statement on Risk Management and Internal Control of the Annual report provide detailed explanation on internal audit function.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has outsourced its internal audit function to Axcelasia Columbus Sdn Bhd. The Engagement Director is Mr Derek Lee who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA). Mr Derek Lee also Certified Public Accountant, a member of Malaysian Institute of Certified Public Accountant and has Certification in Business Continuity Management from Business Continuity Institute (UK).</p> <p>The number of staff deployed for the internal audit reviews ranges from 4 to 5 staff per visit including the Engagement Director during the financial year under review. The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia. The internal audit staffs on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.</p> <p>The internal audit reviews were conducted using a risk based approach and were guided by the International Professional Practice Framework.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of timely, regular and effective communication with stakeholders.</p> <p>The Group has established a dedicated section on the Group's website at www.jadi.com.my whereby shareholders as well as members of the public may access the latest information on the aforesaid website which provides information relating to annual reports, press releases, quarterly results and announcements. The Group conducts Annual General Meetings ("AGM") and have dialogues with shareholders, potentials investors and analysts in the AGM.</p> <p>The Group also participates in the overseas exhibition events and through social media and other electronic channels to give the stakeholders and public at large a better understanding of the businesses of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Group is not a Large Company as defined by the Malaysian Code on Corporate Governance ("MCCG"). However, the Board is of the view that the current annual report provides stakeholders with a fairly overview on the Group's financial and non-financial information such as future prospect, Management Discussion and Analysis, Review of Operations, Sustainability Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control.
		The Group will continuously review on various financial and non-financial reporting documents.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Notice of Annual General Meeting (“AGM”) to the shareholders of the Group was issued shorter than 28 days prior to the AGM date. As per recommended by MCCG, Notice of AGM should be given to the However, the Group is in compliance with 21 days’ notice requirement under the Companies Act 2016 and Paragraph 7.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>Notice of AGM also sets out the resolutions together with its explanatory notes to be proposed at the AGM to enable the shareholders to make informed decisions in exercising their voting rights. Notice of AGM is also announced on Bursa Securities and published in a major local newspaper.</p> <p>The Company’s Annual Report, Corporate Governance Report and Notice of 19th AGM will be available in the Group’s website at www.jadi.com.my.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board views Annual General Meeting as an important platform to have direct interaction with shareholders. Shareholders are encouraged to raise questions pertaining to the Annual report, financial statements, corporate developments, resolutions and businesses of the Group.</p> <p>All Directors, Senior Management and external auditors were present at the last Annual General Meeting held on 2 August 2019.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Group's general meetings are held at one (1) venue within capital cities and not in remote locations. The venue of the meeting is centrally located, easy accessible by various public transport. All eligible shareholders are welcomed to attend the general meeting and participate in person or through corporate representatives, proxies or attorneys. For the shareholders who are remote and/or not able to attend general meetings may appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at a general meeting.
	:	This Practice 12.3 recommendation to leverage on technology is a new concept. The Group will ensure that the venue and time for the general meetings of the Company remain convenient to shareholders.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**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.

Not Applicable
