

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (**"the Board"**) of JF Technology Berhad acknowledges the importance of the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 (**"MCCG 2012"**). The Board is fully committed in maintaining high standards of corporate governance practices throughout the Group to protect and enhance long-term shareholders' value and all stakeholders' interest. This statement also serves as a compliance with Rule 15.25 of Bursa Malaysia Securities Berhad (**"Bursa Securities"**) ACE Market Listing Requirements (**"ACE LR"**).

The Board is pleased to provide the following statement, which outlines the main corporate governance that has been in place throughout the financial year.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions of the Board and Management

The Board takes full responsibility for the overall performance of the Group by setting the strategic directions and objective, formulating the policies and executing the key strategic action plans. The Board regularly review the Group's business operations and maintains full and effective control over the management of the Group.

The duties and responsibilities of the Board include determining the Company's overall strategic plans, performing periodic reviews of business and financial performance, as well as adopting practical risk management and internal controls to implement a strong framework of internal controls of the Company.

The Board has also delegated certain responsibilities to other Board Committees, which operate within clearly defined terms of reference. Standing Committees of the Board include the Audit Committee, Nomination Committee and Remuneration Committee. The Board receives reports at its meetings from the Chairman of each Committee on current activities and it is the general policy of the Company that all major decisions be considered by the Board as a whole.

Clear Roles and Responsibilities

The Board reviewed the sustainability, effectiveness and implementation of the strategic plans for the financial year under review and provided guidance and input to the Management. To ensure the effective discharge of its function and duties, the principal responsibilities of the Board include the following:-

- review and adopt strategic business continuity plans for the Company and the Group;
- oversee and monitor the conduct of the Group's businesses and financial performance;
- review and adopt budgets and financial results of the Company and the Group, monitor compliance with applicable accounting standards and the integrity and adequacy of financial information disclosure;
- identify principal risks and ensure the implementation of appropriate systems to manage these risks; and
- review the adequacy and integrity of the Company's and the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Code of Conduct

The Board is aware of the need to establish a corporate culture that would foster common goal of achieving business profitability, whilst cultivating ethical business conducts. The Board has adopted the Code of Ethics and Conduct which in line and consistent to its stand under the Corporate Vision, Mission, Core Pillars and Core Values. A copy of the Code of Ethics and Business Conduct is published in the Company's website at www.jftech.com.my.

Strategies to Promote Sustainability

The Board views the commitment to sustainability and Environmental, Social and Governance performance as part of its broader responsibility to clients, shareholders and the communities in which it operates.

The Group recognises the importance of its corporate and social responsibility whilst pursuing its corporate goals. The Group continues to invest in its staff through continuous training to develop in-house capability and also a united workforce that assists in the Group realising its goals and objectives.

The Company's activities on corporate social responsibilities for the financial year under review are disclosed in the Chairman's Statement in the Annual Report.

CORPORATE GOVERNANCE STATEMENT

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Access to Information and Advice

The Board is provided with appropriate information and comprehensive Board papers on a timely basis prior to Board meetings to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner. Management is invited to attend the Board and Committees meetings and to brief and provide explanation to the Directors and Committees members on the operations in the Group.

The Board recognises the importance of reviewing and adopting a strategic plan and overseeing the conduct of the business to ensure that the business is being properly managed. Presently, the performance of the Group is reviewed by the Board in consideration of the quarterly financial results.

The proceedings and resolutions passed at each Board meeting are minuted and kept in the statutory minutes book at the registered office of the Company.

Company Secretaries

The Board has unrestricted access to the advice and services of the Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities. The Directors are also empowered to seek independent professional advice from external consultants as they may require, at the expense of the Company, to enable them to make well-informed decisions.

Board Charter

The Board has formalised and adopted a Board Charter, which sets out the role, functions, composition, operation and processes of the Board. The Board Charter provides guidance to the Board in relation to the Board's role, duties, responsibilities and authorities which are in line with the principles of good corporate governance. The Board Charter acts as a source of reference for Board members and senior management, and the same is accessible to the public on the Company's corporate website.

STRENGTHEN COMPOSITION

Nomination Committee

The Nomination Committee comprises exclusively of Independent Non-Executive Directors of the Company. The Nomination Committee is established and maintained to ensure that there is a formal and transparent procedure for the appointment of new Directors to the Board and to assess the performance of the Directors and members of the Board Committees of the Company on an on-going basis. The current members of the Nomination Committee are as follows:-

Chairman : Dato' Philip Chan Hon Keong (*Independent Non-Executive Director*)
Member : Koay Kah Ee (*Senior Independent Non-Executive Director*)
Member : Lew Jin Aun (*Independent Non-Executive Director*)

The Board noted that one (1) of the recommendations of MCGG 2012 states that the Chairman of the Nomination Committee shall be Senior Independent Non-Executive Director. The Board endeavours to fulfil the said recommendation in the coming years.

During the financial year under review, one (1) meeting was held and attended by all members. The main activities carried out by the Nomination Committee during the financial year under review are as follows:-

- Reviewed and assessed the effectiveness and composition of the Board and Board Committees and contribution of each individual Director of the Company;
- Reviewed and assessed the independence of the Independent Non-Executive Directors; and
- Reviewed the Directors who were due for re-election at the Company's Annual General Meeting ("AGM") to determine whether or not to recommend their re-election.

The Nomination Committee also reviewed the size of the Board and had concluded that it was appropriate.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Appointment to the Board

In order to comply with good practice for the appointment of new Directors through a formal and transparent procedure, the Nomination Committee, which comprises exclusively of Non-Executive Directors, is responsible for making recommendations relating to any new appointments to the Board. Any new nomination received is put to the full Board for assessment and approval.

For appointment of new Directors, the Nomination Committee assesses the suitability of candidates, taking into consideration the following:-

- Required mixed of skills, knowledge, expertise and experience;
- Professionalism;
- Integrity;
- Competencies;
- Time commitment; and
- In the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

The proposed re-election of existing Directors who are seeking re-election at the AGM are first considered and evaluated by the Nomination Committee. Upon its evaluation, the Nomination Committee will make recommendations on the proposal to the Board for approval. The Board makes the final decision on the proposed re-election to be presented to the shareholders for approval.

The Board is entitled to the services of the Company Secretaries who ensures that all appointments are properly made, that all necessary information is obtained from Directors, both for the internal records and for the purposes of meeting statutory obligations, as well as obligations arising from Bursa Securities ACE LR or other regulatory requirements.

The Directors observe the recommendation of MCCG 2012, that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

Re-election of Directors

Re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors. In this respect, the Articles of Association of the Company provide that all Directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire from the office but shall be eligible to offer themselves for re-election at the AGM.

This requirement would be adhered to by the Board in every AGM.

Directors who are appointed by the Board are subject to re-election by the shareholders at the AGM held following their appointments.

Board Diversity

The Board acknowledges the importance of Board diversity, including gender, ethnicity, age and business experience, to the effective functioning of the Board.

While it is important to promote such diversity, the normal selection criteria of a Director based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board should remain a priority so as not to compromise on effectiveness in carrying out the Board's functions and duties. Hence, the Board is committed in ensuring that its composition not only reflects the diversity as recommended by the MCCG 2012, as best as it can, but also has the right mix of skills and balance to contribute to the achievement of the Company's goal and mission.

CORPORATE GOVERNANCE STATEMENT

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Remuneration Committee

The Board had established the Remuneration Committee to review and recommend the appropriate level of remuneration for the Executive Directors. The current members of the Remuneration Committee are as follows:-

Chairman : Koay Kah Ee (Senior Independent Non-Executive Director)
 Member : Dato' Philip Chan Hon Keong (Independent Non-Executive Director)
 Member : Datin Wang Mei Ling (Executive Director)
 Member : Low Jin Aun (Independent Non-Executive Director)

During the financial year under review, two (2) meetings were held and attended by all members. The main activity carried out by the Remuneration Committee during the financial year under review is as follows:-

- Reviewed the remuneration package for the Managing Director and Executive Directors.

Directors' Remuneration

The Remuneration Committee considers the principles recommended by MCG 2012 in determining the Directors' remuneration whereby, the Executive Directors' remuneration is designed to link rewards to the Group's and individual's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. Additionally, in ensuring that the Directors' remuneration is in line with the market expectations and competition to retain and attract talents in the Group, reference is made to the Directors' remuneration offered by other public listed companies.

The Executive Directors concerned play no part in the decisions on their own remuneration. Likewise, the remuneration of the Independent Non-Executive Directors is a matter for the Board as a whole, with individual Director abstaining from discussion of their own remuneration.

The number of Directors whose income falls within the following bands is set out as follows:-

Remuneration Bands*	Company		Group	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
RM50,000 and below	-	3	-	-
RM200,001-RM250,000	-	-	1	-
RM450,001-RM500,000	-	-	1	-
RM750,001-RM800,000	-	-	1	-

* Successive bands of RM50,001 to RM200,000, RM250,001 to RM450,000 and RM500,001 to RM750,000 are not shown entirely as they are not represented.

The details of remuneration of Directors of the Company comprising remuneration received/receivable from the Company and its subsidiaries during the financial year ended 30 June 2016 are as follows:-

	Fees* (RM)	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit-in- kind (RM)	EPF and SOCSSO (RM)	Total (RM)
Company						
Executive Directors	-	-	-	-	-	-
Non-Executive Directors	88,800	19,500	-	-	-	108,300
Group						
Executive Directors	-	1,138,225	25,002	71,376	212,856	1,447,459
Non-Executive Directors	-	-	-	-	-	-

* For Company level, payment of Directors' fees is subject to the approval by shareholders at the AGM.

The Board views that the transparency in respect of Directors' remuneration has been reasonably dealt with by the 'band disclosure' as presented above.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

REINFORCE INDEPENDENCE

Annual Assessment of Independence of Directors

The Board adopts the concept of independence in tandem with the definition of Independent Director in Section 1.01 of Bursa Securities ACE LR through the assistance of the Nomination Committee. The Board also carries out an annual assessment of the independence of its Independent Directors.

The Board considers that its Independent Directors provide an objective and independent views on various issues dealt with at the Board and Board Committees level. All Non-Executive Directors are independent of management and free from any relationship. The Board is of the view that the current composition of Independent Directors fairly reflects the interest of minority shareholders in the Company through the Board representation.

The Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

One (1) of the recommendations of the MCGG 2012 states that the tenure of an Independent Director should not exceed a cumulative terms of nine (9) years. Upon completion of the nine (9) years' terms, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

In line with recommendations of the MCGG 2012, the Nomination Committee had performed an annual review on the independency of the Independent Directors by adopting the concept of independence in tandem with the definition of Independent Director in Section 1.01 of Bursa Securities ACE LR. The tenure of Independent Directors namely, Dato' Philip Chan Hon Keong and Mr. Koay Kah Ee will reach a cumulative term of nine (9) years before the following 2017 AGM.

Shareholders' Approval for the Retention of Independent Non-Executive Directors

Both the Nomination Committee and the Board have assessed the independence of Dato' Philip Chan Hon Keong and Mr. Koay Kah Ee and are satisfied with the skills, contribution and independent judgement they bring to the Board in facilitating decision making processes of the Company. The Board is of the view thereof that there are significant advantages to be gained from long-serving Directors who not only possess tremendous insight but also in-depth knowledge of the Company's business and affairs. In view thereof, the Board recommends and supports their retention as Independent Non-Executive Directors of the Company which are tabled for shareholders' approval at the forthcoming AGM of the Company.

Key justifications for retaining them as Independent Non-Executive Directors are as follows:-

- (i) Dato' Philip Chan Hon Keong and Mr. Koay Kah Ee have met the independence guideline as set out in Section 1.01 of Bursa Securities ACE LR;
- (ii) They do not have any conflict of interest with the Company and has not been entering nor is expected to enter into contract(s), especially material contract(s) with the Company and/or its subsidiary companies; and
- (iii) They are familiar with the Group's activities and corporate history and have been providing invaluable contributions to the Board in their role as Independent Non-Executive Directors.

Separation of Chairman and Managing Director

The Board is aware that it is not in compliance with the best practices of the MCGG 2012 on the separation of the roles of the Chairman and Managing Director. However, the Board is satisfied with the dual role held by the same person in view of the excellent works performed by the Executive Chairman and Managing Director and the Board did not foresee any conflict of interest situation that may arise since the Chairman and Managing Director accepts and evaluates the view and opinion raised by the Independent Directors.

Composition and Board Balance

The Board currently comprises three (3) Independent Non-Executive Directors and three (3) Executive Directors. The role and responsibilities of the Executive Chairman and Managing Director are assumed by Dato' Foong Wei Kuong.

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The Independent Non-Executive Directors play a pivotal role in corporate accountability, which is reflected in their membership of the various Board Committees and their attendance of meetings as detailed below. The significant contributions of the Independent Directors in the decision making process is evidenced in their participation as members of the various Committees of the Board. In addition, the Independent Non-Executive Directors ensure that matters and issues brought up to the Board are fully discussed and examined, taking into account the stakeholders' interest in the Group. The profiles of the members of the Board, as set out in this Annual Report, demonstrate the complement of skills and experience that the Directors value add on issues of strategy, performance, control, resource allocation and integrity.

The assessment of the independence of each of its Independent Director is undertaken annually according to set criteria as prescribed by Bursa Securities ACE LR. The Board has assessed and concluded that all the Independent Directors of the Company continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

The Board noted that one (1) of the recommendations of MCCG 2012 states that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The Board endeavours to fulfil the said recommendation in the coming years.

FOSTER COMMITMENT

Time Commitment

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company, and to use their best endeavours to attend meetings.

Board Meetings

During the financial year, five (5) Board meetings were held with the presence of the Company Secretary. Details of attendance by the Board members during this financial year are as set out below:-

Name of Directors	No. of Meetings attended
Dato' Foong Wei Kuong	5/5
Datin Wang Mei Ling	5/5
Goh Kok Sing	5/5
Koay Kah Ee	5/5
Dato' Philip Chan Hon Keong	4/5
Lew Jin Aun	5/5

Based on the above, all Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in Bursa Securities ACE LR. The Board and Board Committees meetings for each of the financial year are scheduled before the end of the preceding financial year, to allow the Directors and members of the Committees to organise and plan their activities ahead to ensure that they are able to attend all meetings that have been scheduled for the following year.

All Directors have participated fully in the discussions during Board meetings. There is no Board dominance by any individual and the Directors are free to express their view and opinions during the Board meetings. In arriving at Board decisions, the view of the majority prevails at all times. In the same manner, the Directors are also aware and observes the requirement that they do not participate in the deliberations on matters of which they have a material personal interest, and abstain from voting in such matters.

Proceedings of, and resolutions passed at each Board meeting are documented in the minutes and signed by the Chairman at the subsequent Board meeting. In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at the next Board meeting.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Board also peruse the decisions deliberated by Board Committees through minutes of the Committees. The Chairman of the Board Committees is responsible to inform the Directors at Board meetings of any salient matters noted by the Committees and which require the Board's notice or direction.

Directors' Training

Continuous learning and training are part of the Directors' development programme. The Directors recognise the needs to attend trainings to enable the Directors to discharge their duties effectively. All Directors had attended the Mandatory Accreditation Programme. During the financial year under review, some of the trainings and briefings attended by the Directors include:-

Directors	Training Attended
Dato' Foong Wei Kuong	<ul style="list-style-type: none"> - Doing Businesses in Indonesia - ASEAN Community and OBOR - Brand Transformation Starts With Culture Transformation - Marketing in the Age of the smartphone
Datin Wang Mei Ling	<ul style="list-style-type: none"> - Business by the Book Workshop
Koay Kah Ee	<ul style="list-style-type: none"> - Transfer Pricing Seminar - Bursa Securities: Management Discussion and Analysis for Chief Executive Officer/Chief Financial Officer - Anti-Money Laundering and Anti-Terrorism Financing Act 2001 - How to prepare for the new Companies Act
Dato' Philip Chan Hon Keong	<ul style="list-style-type: none"> - Employees Provident Fund – Global Private Equity Summit
Goh Kok Sing	<ul style="list-style-type: none"> - CSDT Technical File requirements
Lew Jin Aun	<ul style="list-style-type: none"> - Digital Intelligence - Leading Under Extreme Conditions - ASEAN Economic Community and One-Belt-One-Road - Brand Transformation Starts with Culture Transformation

The Board empowers the Directors to determine their own training requirements as they consider necessary to enhance their knowledge as well as understanding of the Group's businesses and operations.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

The Company's Audited Financial Statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Board is responsible to ensure that the shareholders are provided with a balanced evaluation of the Company's financial performance, its position and its future prospects, through the issuance of the annual Audited Financial Statements, quarterly financial reports and corporate announcements on significant developments affecting the Company in accordance with Bursa Securities ACE LR.

In this respect:-

- Management presented to the Audit Committee and the Board, details of the Company's Financial Statements which include amongst others, revenues and expenditures, for review of quarter-to-quarter and year-to-date financial performance; and
- The Audit Committee discharged its function in reviewing the Financial Statements of the Company with the assistance of the External Auditors, prior to recommending the statements for the Board's approval and issuance to shareholders.

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Assessment of Sustainability and Independence of External Auditors

The Board vide the Audit Committee will conduct annual assessment of the suitability and independence of External Auditors.

The Audit Committee has received assurance from Messrs. Crowe Horwath, the External Auditors of the Company confirming that the firm, its engagement partner and the audit team's independence, integrity and objectivity complied with the relevant ethical, professional and regulatory requirements.

The Audit Committee was satisfied with Messrs. Crowe Horwath's technical competency and audit independence during the financial year under review.

RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Risks

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal controls to safeguard shareholders' investment and the Group's assets. However, the Board recognises that such system is structured to manage rather than eliminate the possibility of encountering risk of failure to achieve corporate objectives.

The Statement on Risk Management and Internal Control is set out in the Annual Report providing an overview of the state of the risk management and internal controls within the Group.

Internal Audit Function

The outsourced Internal Auditors, namely Audex Governance Sdn. Bhd. communicates regularly with and report directly to the Audit Committee. The outsourced Internal Auditors' representatives attended three (3) meetings of the Audit Committee for the financial year ended 30 June 2016.

The Internal Audit Review of the Company's operations encompasses an independent assessment of the Company's compliance with its internal controls and makes recommendations for improvement.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

The Company recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations.

The Board has yet to formalise a corporate disclosure policy. Nonetheless, the Board is committed in ensuring that communications to the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

Leverage on Information Technology for Effective Dissemination of Information

The Company's corporate website provides all relevant information on the Company and is accessible by the public.

The Company's corporate website is accessible at www.jftech.com.my.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Shareholders' Participation at General Meetings

The Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Where practicable, the Board is prepared to enter into a dialogue with institutional shareholders. Currently, information is disseminated through various disclosures and announcements made to Bursa Securities. This information is also electronically published at Bursa Securities' website at <http://www.bursamalaysia.com>. The Company also maintain its website at www.jftech.com.my containing essential corporate information about the Group and its products as well as announcements made to Bursa Securities for the access of the general public.

Poll Voting

The Board noted the Recommendation 8.2 of the MCCG 2012 states that the Board should encourage poll voting. In line with this recommendation, the Executive Chairman informs the shareholders of their right to demand a poll vote at the commencement of the general meetings.

Further to the recent changes to Bursa Securities ACE LR issued by Bursa Securities on 25 March 2016 on the requirement for poll voting for any resolution set out in the notice of general meetings which will apply for general meetings held on or after 1 July 2016, the Board will consider and explore the suitability and feasibility of adopting electronic voting in coming years to facilitate greater shareholders participation at general meeting, and to ensure accurate and efficient outcomes of the poll voting process.

Shareholders' Communication and Investor Relations

The Board views the AGM as the primary forum to communicate with shareholders while the Extraordinary General Meetings ("EGM") are held as and when required. Shareholders will receive annual reports and notices of AGM, which are sent out at least twenty-one (21) calendar days before the date of the AGM. In addition, the Notice of AGM/EGM will be advertised in the newspapers. The Board encourages shareholders to attend the forthcoming AGM and undertake to answer all questions raised by the shareholders.

The proceedings of the AGM included a question and answer session in which the Chairman of the Meeting would invite shareholders to raise questions on the Company's Financial Statements and other items for adoption at the AGM, before putting a resolution to vote. The Chairman of the Meeting ensures that sufficient opportunities are given for shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.

The results of all the resolutions set out in the Notice of the AGM will be announced on the same day via Bursa LINK, which is accessible on Bursa Securities' and the Company's websites.

The Board ensures that full information of the Directors who are retiring at the AGM and willing to serve if re-elected are disclosed in the Notice of the AGM.

An explanatory note facilitating full understanding and evaluation of issues involved in the proposed resolution accompanying each item of special business is included in the Notice of the AGM.

COMPLIANCE STATEMENT

Except for the explanations provided above on any departures from the best practices of the MCCG 2012, the Board believes that all material aspects of the best practices set out in the MCCG 2012 have been complied with during the financial year.

This statement is made in accordance with a resolution of the meeting of the Board of Directors on 14 September 2016.