

Corporate Governance Overview Statement

The Board of Directors ("**the Board**") of JF Technology Berhad acknowledges the importance of maintaining high standard of corporate governance practices throughout the Group to protect and enhance long-term shareholders' value and all stakeholders' interests. With the principles and recommendations as set out in the Malaysian Code on Corporate Governance ("**MCCG**"), the Board is committed to ensure that a sound framework of best corporate governance practices is in place by managing the affairs of the Group with transparency, integrity and accountability.

The Board is pleased to present the following Corporate Governance Overview Statement ("**Statement**") that describe the extent of how the Group has applied and complied the three (3) principles set out in the MCCG throughout the financial year:

- (a) Principle A: Board leadership and effectiveness;
- (b) Principle B: Effective audit and risk management; and
- (c) Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement also serves as a compliance with Rule 15.25 of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ACE Market Listing Requirements ("**ACE LR**") and shall be read together with the Corporate Governance Report ("**CG Report**") of the Company that provides detailed application for each practice as set out in the MCCG. The CG Report can be downloaded from the Company's website at www.jftech.com.my or through the announcement published on the website of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD 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 objectives, 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 and performing periodic reviews of businesses 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 Board 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 Management. To ensure the effective discharge of its functions 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 disclosures;
- identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- 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; and
- ensure a competent management by establishing policies for strengthening the performance of the Group with a view to proactively build the business through innovation, initiative, technology, new products and the development of its new business market.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

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 social responsibilities 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 a separate section of the Annual Report.

Chairman and Managing Director

The roles of the Chairman and the Managing Director are held by two (2) different individuals which their responsibilities are segregated and clearly defined to ensure there is an appropriate balance of power and authority with no one having the unfettered power of decision making.

The Chairman provides leadership and manage the interface between the Board and Management and also ensure active participation from the Board for decision making whereas the Managing Director is involved in the day-to-day management of the Company by contributing strategies and insights to enable the Company to achieve its goals and objectives efficiently.

Company Secretaries

The Company Secretaries of the Company are experienced and qualified to act as Company Secretaries pursuant to Section 235 of the Companies Act 2016. The Company Secretaries play an important role in ensuring adherence to the Board's policies and procedures from time to time.

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 Company Secretaries provide guidance to the Board on the Directors' obligations arising from the rules and regulations including the MCGG and Bursa Securities ACE LR.

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.

Access to Information and Advice

The Board is provided with appropriate information and comprehensive Board papers on a timely basis prior to the 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 Board Committees meetings and to brief and provide explanations to the Directors and Board Committees members on the operations of the Group.

The Board recognises the importance of reviewing and adopting a strategic plan and overseeing the conduct of the businesses to ensure that the businesses are 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.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

Demarcation of Responsibilities

(a) Board Charter

The Board has formalised and adopted a Board Charter, which sets out the roles, functions, composition, operations and processes of the Board. The Board Charter provides guidance to the Board in relation to the Board's roles, 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 website at www.jftech.com.my.

(b) Code of Ethics and 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 is in line and consistent with its stand under the Corporate Vision, Mission, Core Pillars and Core Values. A copy of the Code of Ethics and Conduct is published in the Company's website at www.jftech.com.my.

(c) Whistle Blowing Policy

A Whistle Blowing Policy has been established to further enhance the Group's commitment in upholding and achieving integrity, transparency and accountability in conducting its business. The Whistle Blowing Policy serves the purpose of providing an avenue to all the employees and members of the public to raise concerns, report or disclose any improper behaviour and conduct, miscarriage of justice, damage to the environment or any act and action that could materially affects the reputation of the Group as well as the interests of the stakeholders. The Whistle Blowing Policy is available on the Company's website at www.jftech.com.my.

2. BOARD COMPOSITION

Composition and Board Balance

The Board currently comprises four (4) Independent Non-Executive Directors and three (3) Executive Directors. The roles and responsibilities of the Chairman and Managing Director are assumed by two (2) different individuals namely, Datuk Phang Ah Tong and Dato' Foong Wei Kuong respectively.

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 under Board meetings. The significant contributions of the Independent Non-Executive Directors in the decision-making processes are 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, considering the stakeholders' interests 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.

Annual Assessment of Independence of Directors

The Board adopts the concept of independence in tandem with the definition of Independent Non-Executive Director in Section 1.01 of Bursa Securities ACE LR through the assistance of the Nomination Committee. The assessment of the independence of each of its Independent Non-Executive Director is undertaken annually according to set criteria as prescribed by Bursa Securities ACE LR.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

Annual Assessment of Independence of Directors (cont'd)

The Board considers that its Independent Non-Executive 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 Non-Executive 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 Non-Executive Directors and their ability to act in the best interest of the Company.

Tenure of Independent Non-Executive Directors

Practice 4.2 of the MCGG states that the tenure of an Independent Non-Executive Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years' term, an Independent Non-Executive Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director or the Board seeks annual shareholders' approval with justification if the Board intends to retain an Independent Non-Executive Director who is beyond nine (9) years' term.

The Company does not have a policy which limits the tenure of its Independent Non-Executive Directors to nine (9) years.

The Nomination Committee had performed an annual review on the independency of the Independent Non-Executive Directors by adopting the concept of independence in tandem with the definition of Independent Non-Executive Director in Section 1.01 of Bursa Securities ACE LR.

At the time of writing this Statement, the tenure of the Independent Non-Executive Directors namely, Dato' Philip Chan Hon Keong, Mr. Koay Kah Ee and Mr. Lew Jin Aun have exceeded the cumulative term of nine (9) years.

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, Mr. Koay Kah Ee and Mr. Lew Jin Aun and were 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 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 businesses 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 Annual General Meeting ("AGM") of the Company.

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

- (i) Dato' Philip Chan Hon Keong, Mr. Koay Kah Ee and Mr. Lew Jin Aun have met the independence guidelines as set out in Section 1.01 of Bursa Securities ACE LR;
- (ii) They did not have any conflict of interest with the Company and have 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 roles as Independent Non-Executive Directors.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

Board Diversity

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

The Board has not set gender diversity target as of the reporting period. 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, 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.

As of the date of this Statement, one (1) out of seven (7) of the Board members is female Director.

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 new members to the Board Committees and to assess the performance of the Directors, Board, Board Committees 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	:	Datuk Phang Ah Tong (Independent Non-Executive Director)
Member	:	Mr. Koay Kah Ee (Senior Independent Non-Executive Director)
Member	:	Mr. Lew Jin Aun (Independent Non-Executive Director)

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 contribution and performance of the Audit Committee and each individual Audit Committee member;
- Reviewed and assessed the independence of the Independent Non-Executive Directors;
- Reviewed the Directors who were due for re-election at the Company's AGM to determine whether or not to recommend for their re-election;
- Reviewed and assessed the tenure of Independent Non-Executive Directors who have reached and exceeded a cumulative term of nine (9) years and to recommend the retention of the Independent Non-Executive Directors of the Company at the Company's AGM in accordance with MCCG; and
- Reviewed the appointment of Datuk Phang Ah Tong as a member of the Remuneration Committee, Nomination Committee and Audit Committee.

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

(a) 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 recommendation relating to any new appointment to the Board. Any new nomination received is put to the full Board for assessment and approval.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

(a) Appointment to the Board (cont'd)

For appointment of new Directors, the Nomination Committee assesses the suitability of the candidates, taking into consideration of 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 for re-election at the AGM are first considered and evaluated by the Nomination Committee. Upon its evaluation, the Nomination Committee will make recommendation 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 ensure that all appointments are properly made, that all necessary information are 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.

(b) 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 provides 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.

(c) Annual Assessment of the Board and Board Committees

The Directors and Committees are being assessed by the Nomination Committee through the following annual assessments once every year:

- (a) Effectiveness of the Board as a whole and the Committees of the Board;
- (b) Contribution and performance of each individual Director;
- (c) Contribution and performance of the Audit Committee and each individual Audit Committee member; and
- (d) Independence of Independent Non-Executive Directors.

The outcome of the abovementioned annual assessments is disclosed in the CG Report which is available on the Company's website at www.jftech.com.my.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

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
Datuk Phang Ah Tong	4/5
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	5/5
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 views 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 deliberation 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.

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

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

Directors' Training

Continuous learning and training are part of the Directors' development programme. The Directors recognise the need 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
Datuk Phang Ah Tong	<ul style="list-style-type: none"> - Financial Institutions Director Education ("FIDE") Core Programme Module 1 - FIDE Core Programme Module 2
Dato' Foong Wei Kuong	<ul style="list-style-type: none"> - Using NLP for Effective Communication - Practical Branding - 2019 Economic Outlook - Sun Tzu's Art of War - Chief Executive Officer ("CEO") Grooming for Influence and Communication - Vistage CEO Summit
Datin Wang Mei Ling	<ul style="list-style-type: none"> - Budget - Employers Statutory Tax Requirement 2019
Koay Kah Ee	<ul style="list-style-type: none"> - Sustainability Reporting Workshop - Sales and Services Tax Implementation - 2019 Budget Tax Seminar - Corporate Liability
Dato' Philip Chan Hon Keong	<ul style="list-style-type: none"> - 2018 Lex Mundi Europe/Middle East/ Africa Regional Conference - 2019 Lex Mundi Leadership Summit and Annual Conference
Goh Kok Sing	<ul style="list-style-type: none"> - Advance Packing for Automotive
Lew Jin Aun	<ul style="list-style-type: none"> - 2019 Economic Outlook - Sun Tzu's Art of War - Vistage CEO Summit

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.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. REMUNERATION

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	:	Datuk Phang Ah Tong (Independent Non-Executive Director)
Member	:	Dato' Philip Chan Hon Keong (Independent Non-Executive Director)
Member	:	Lew Jin Aun (Independent Non-Executive Director)

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

- Reviewed the remuneration package for the Managing Director and Executive Directors for the financial year ended 30 June 2019;
- Reviewed the payment of Directors' fees for the financial year ended 30 June 2018;
- Reviewed the benefits payable to the Non-Executive Directors from 6 December 2018 until the next AGM of the Company to be held in year 2019; and
- Reviewed the revised terms of reference of the Remuneration Committee.

Directors' Remuneration

The Remuneration Committee considers the principles recommended by MCCG 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 expectation and competition to retain and attract talents in the Group, reference is made to the Directors' remuneration offered by other public listed companies.

The Company has in place a Remuneration Policy for Directors and senior management which sets out the criteria applied in recommending their remuneration packages.

The Executive Directors concerned play no part in the decision 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 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 2019 are disclosed in the CG Report which is available on the Company's website at www.jftech.com.my or through the announcement published on the website of Bursa Securities.

Remuneration of Top Five (5) Senior Management Staff

The top five (5) senior management's remuneration component including salary, bonus, benefit-in-kind and other emoluments in bands of RM50,000.00 is disclosed in the CG Report which is available on the Company's website at www.jftech.com.my or through the announcement published on the website of Bursa Securities.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

4. AUDIT COMMITTEE

Composition and Activities of Audit Committee

The composition and details of activities carried out by the Audit Committee during the financial year ended 30 June 2019 are set out in the Audit Committee Report of this Annual Report.

All the members of the Audit Committee are financially literate and have necessary skills, financial experience and expertise to discharge their duties effectively. Other than overseeing the financial reporting and performance of the Group, the Audit Committee also ensure that there is a proper co-ordination between both of the internal and external auditors in order for the Audit Committee to be fully informed on any significant financial matter that may impact the Group.

The qualification and experience of the individual Audit Committee member are further disclosed in the Directors' Profile of this Annual Report.

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 2016. 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.

Cooling period of a Former Key Audit Partner

The Board is aware of Practice 8.2 of the MCCG and there is a clause in the terms of reference of the Audit Committee where a cooling-off period of at least two (2) years to be observed before the appointment of a former key audit partner as a member of the Audit Committee.

None of the members of the Board were former key audit partner and the Board has no intention to appoint any former key audit partner as a member of the Board.

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 Crowe Malaysia PLT, 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 is satisfied with Crowe Malaysia PLT's technical competency and audit independence during the financial year under review.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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, Axcelasia Columbus Sdn. Bhd. communicates regularly with and report directly to the Audit Committee. The internal audit function conducts regular audit to review and provide assurance to the Audit Committee on the adequacy and effectiveness of the Group's risk management, control and governance processes. The outsourced Internal Auditors' representatives attended two (2) meetings of the Audit Committee for the financial year ended 30 June 2019.

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.

The Statement on Risk Management and Internal Control is set out on pages 35 to 37 of this Annual Report to provide an overview of the state of risk management and internal control within the Group during the financial year under review.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

6. COMMUNICATION WITH STAKEHOLDERS

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-eight (28) 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 undertakes 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 AGM 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 AGM ensures that all the Directors are able to attend the AGM and 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.

Explanatory notes facilitating full understanding and evaluation of issues involved in the proposed resolutions accompanying each item of special business are included in the Notice of the AGM.

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

6. COMMUNICATION WITH STAKEHOLDERS (CONT'D)

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 businesses, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators are in accordance with applicable legal and regulatory requirements.

Leverage on Information Technology for Effective Dissemination of Information

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

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

7. CONDUCT OF GENERAL MEETINGS

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

Bursa Securities ACE LR require that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll for all general meetings from 1 July 2016 onwards.

The Company had conducted its voting on all resolutions at the 2018 AGM held on 6 December 2018 by poll. 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.

This Corporate Governance Overview Statement is made in accordance with a resolution of the meeting of the Board of Directors on 30 September 2019.