

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0127
COMPANY NAME : JHM CONSOLIDATION BERHAD (“JHM” or “the Company”)
FINANCIAL YEAR : December 31, 2018

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 PURSUANT 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 of Directors of JHM ("Board") is responsible for the overall performance of the Group and oversees the Group's goals, strategic directions, achievements, standards of conduct and policies.</p> <p>The Board collectively and individually exercise its fiduciary duties and use reasonable care, skill and diligence when exercising its duties.</p> <p>The Board is responsible for the following :-</p> <ul style="list-style-type: none">a) Review, approve and monitor the overall strategies and direction of the Group;b) Identify the principal risks and implementing appropriate system to manage such risks;c) Oversee and evaluate the conduct and performance of the Group's business;d) Review the adequacy of the Group's internal control policy; ande) Ensure that appropriate plans are in place in respect of the succession plan of the Group. <p>The Company's Board Charter defines the specific duties and responsibilities of the Board which can be found at the Company's website at www.jhm.net.my.</p> <p>The Board, in discharging its fiduciary duties and responsibilities has appointed the following board of committees with specific terms of reference to assist the Board :-</p> <ul style="list-style-type: none">a) Audit Committee and Risk Management Committee ("AC");b) Nomination Committee ("NC"); andc) Remuneration Committee ("RC").

	<p>The activities of each Committee are set out in the Corporate Governance Overview Statement (“CG Overview Statement”) of the Annual Report 2018.</p> <p>While the responsibility for monitoring the effectiveness of the Group’s risk management and internal control systems has been delegated to the AC, the Board retains ultimate responsibility for determining the Group’s “risk tolerance” and annually considers a report in relation to the monitoring, controlling and reporting of identified risks and uncertainties.</p> <p>Every director has taken proactive actions to keep abreast of his/her responsibilities as a Director and of the conduct, business activities and development of the Company. The Board encourages its Directors to attend talks, seminars, workshops and conferences to update and enhance their knowledge to enable them to carry out their roles effectively as directors in discharging their responsibilities towards corporate governance, and other operational and regulatory issues. The Directors are also briefed by the Company Secretary on the latest letters and circulars issues by Bursa Malaysia Securities Berhad at every scheduled Board meeting.</p> <p>During the financial year ended 31 December 2018, all Directors had attended appropriate training programmes to equip themselves with the knowledge to discharge their duties more effectively and to keep abreast of the developments in the marketplace. The details of the trainings / seminars attended by Directors are set out in the Corporate Governance Overview Statement in the Annual Report 2018.</p> <p>The Board ensures that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability. During the financial year, the Risk Management Working Group and Board Sustainability Committee assists the Board to perform a periodic review and assessment on the risk management of the Group and oversees the implementation of sustainability strategy and evaluates overall sustainability risks and opportunities of the Group.</p> <p>Along with good corporate governance practices, the Company is committed to provide to investors and the public with comprehensive, accurate and material information on a timely basis. In line with this commitment and in order to enhance transparency and accountability, the board has adopted an Internal Corporate Disclosure Policies and Procedures to facilitate the handling and disclosure of material information in a timely and accurate manner.</p>
<p>Explanation for departure</p>	<p>:</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

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 Board of JHM is helmed by Mr Lim Chun Thang. Mr Lim was appointed to the Board on 23 August 2018 as Independent Non-Executive Chairman.</p> <p>As the Chairman of the Board, he is responsible for providing overall leadership to the Board and ensuring the effective functioning and conduct of the Board. His responsibilities, amongst others include:</p> <ul style="list-style-type: none">i. Provided the leadership for the Board so that the Board can perform its responsibilities effectively;ii. Led Board meetings and discussions;iii. Encouraged active participation and allowed dissenting views to be freely expressed;iv. managed the interface between Board and management;v. Ensured appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; andvi. Led the Board in establishing and monitoring good corporate governance practices in the Company.
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 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The role of the Independent Non-Executive Chairman and Group Chief Executive Officer are distinct and separate to ensure that there is a balance of power and authority. The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board.</p> <p>The Group Chief Executive Officer has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The Group Chief Executive Officer is responsible to ensure due execution of strategic goals, effective operations within the Group, and to explain, clarify and inform the Board on key matters pertaining to 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	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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 Board is supported by suitably qualified and competent Company Secretaries who are members of the relevant professional bodies.</p> <p>The Company Secretaries advise the Board on the issues relating to the Company's constitution, Malaysian Code on Corporate Governance, Companies Act 2016 and Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Board obtained appropriate advice and services, if necessary, from Company Secretaries to ensure adherence to Board meeting procedures and compliance with regulatory requirements.</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

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>Meetings materials are circulated to the Board and Board Committees' members, 7 days prior to the scheduled meetings.</p> <p>The meetings of the Board and the board committees are properly minuted and circulated to all Board members.</p> <p>All Board members / board committees' members reviewed and confirmed the minutes of the meetings to ensure they accurately reflect the deliberations and decision of the Board, including whether any Director abstained from voting or deliberation on a particular matter. The signed board minutes are kept at the Company's minutes book.</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 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>The Board Charter is available on the Company's website at www.jhm.net.my. The roles and responsibilities of the Board, Individual Directors, Independent Directors, Senior Independent Director, Chairman, Managing Director and Board Committees are set out in the Board Charter.</p> <p>The matters reserved for Board consideration and decision are set out in the Board Charter.</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 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 Directors observed the code in accordance with the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.</p> <p>In order to enhance the standard of corporate governance and behaviours, the Board observed the Company's Code of Conduct which set out standards of business and ethical conduct based on general principles including, amongst others, integrity and honesty, fair dealing and confidentiality as guidance to all directors and employees in the conduct of their business.</p> <p>The Code of Conduct for Directors can be found on the company's website at www.jhm.net.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

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 Code of Conduct of the Company set as a guide for the Board, management, employees and other stakeholders to ensure they are clear on what is considered acceptable behaviour and practice in the Company.</p> <p>The Code also set out the reporting of non-compliance with the said Code may be made either to the appropriate Management and/or Senior Independent Non-Executive Director of the Company.</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	:	The Board comprises of Nine (9) Directors, of whom five (5) are Independent Non-Executive Directors and four (4) are Executive Directors.	
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 4.2

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 - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	At the Thirteenth Annual General Meeting held on 22 May 2018, the Board sought the approval of shareholders to allow Mr Loh Chye Teik and Dato' Dr Loh Hock Hun, who have served on the Board for more than 12 years and 9 years respectively, to continue in office as Independent Non-Executive Director. The ordinary resolution on the mandate for Mr. Loh Chye Teik to continue to act as an Independent Non-Executive Director was voted via two-tier voting process.
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 4.3 - 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 is judicious of the gender diversity recommendation promoted by the MCCG in order to offer greater depth and breadth to board discussion and constructive debates at senior management level.</p> <p>The Group is an equal opportunity employer and all appointments to the Board and employment of all staff are based on objective criteria, merit, skills and experience, competencies and other attributes regardless of gender, ethnicity and age.</p> <p>Currently, there is one (1) female Director on the Board.</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	:	Applied	
Explanation on application of the practice	:	The Group is an equal opportunity employer and all appointments to the Board and employment of all staff are based on objective criteria, merit, skills and experience, competencies and other attributes regardless of gender, ethnicity and age. Currently, there is one (1) female Director on the Board. The Board has on 18 April 2019 adopted gender diversity policy which can be found on the company's website at www.jhm.net.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	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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	:	Applied
Explanation on application of the practice	:	<p>When considering new appointment, the Nomination Committee shall evaluate the balance of skills, knowledge and experience on the board. In identifying suitable candidates the Nomination Committee shall consider candidates from a wide range of backgrounds and consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.</p> <p>During the financial year ended 31 December 2018, the Nomination Committee reviewed and recommended to the Board the appointment of Mr. Lim Chun Thang as Independent Non-Executive Chairman of the Company.</p> <p>The Board take note of the guidance to utilise independent sources for future appointments of future candidates.</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 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by Mr. Loh Chye Teik, the Senior Independent Non-Executive Director. Mr Loh Chye Teik had led the annual review and assessment on the effectiveness of the Board, the committees of the Board and the contribution of each individual director, including Independent Non-Executive Directors and principal officer.	
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>The Nomination Committee has developed criteria to assess the effectiveness of the Board, the Board committees and individual Director. The evaluation on the Board's effectiveness is divided into four sections on the following key areas:-</p> <ul style="list-style-type: none">• Adding value• Conformance• Stakeholder Relationship• Performance management <p>The process also assesses the competencies of each Director in the areas of integrity and ethics, governance, strategic perspective, business acumen, judgement and decision making, teamwork, communication and leadership.</p> <p>The Nomination Committee also undertakes annual assessment of the independence of the independent directors based on required mix skills, criteria of independence as per requirements of Ace Market Listing Requirements, meeting attendance, ability to ensure effective checks and balances on the Board's decision making process, constructively challenge business propositions and contributes to the development of business strategy and direction of the Company, ensures that adequate systems and controls to safeguard the interests of the Company are in place and continuous updating of knowledge and enhancing of skills through attendance of business related trainings.</p> <p>The results indicated the Board as a whole was effective as well as the contribution of each individual Director and principal officer. The Nomination Committee and the Board also expressed satisfaction with the independence and performance of the present independent directors of the Company.</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	:	Applied
Explanation on application of the practice	:	<p>The Board has on 18 April 2019 put in place formalised Remuneration Policy and Procedures to govern the remuneration of Directors and Key Senior Management. The remuneration policy is reviewed by the Remuneration Committee on an annual basis prior to making its recommendations to the Board for approval. The policy is made available on JHM's website at www.jhm.net.my.</p> <p>This remuneration policy which govern the remuneration of the employees including Directors and Key Senior Management of the Company to ensure the same remain competitive, appropriate and in alignment with the prevalent market practices and that the Company attracts, retains and motivates the Executive Directors and Key Senior Management who are with strong credentials, high caliber and astute insights to run the business successfully.</p> <p>Prior to the adoption of the abovementioned Remuneration Policy and Procedures, it is the policy of the Company and the Group that all Executive Directors and Senior Management are remunerated based on the Group's performance, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees and the Board, their attendance and/or special skills and expertise they bring to the Board.</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	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board has a Remuneration Committee that responsible for recommending to the Board the appropriate remuneration of the Executive Directors in all forms to commensurate with the respective contributions of the Executive Directors. The Executive Directors are to abstain from deliberation and voting on the decision in respect of their own remuneration packages. Currently, the Remuneration Committee consists majority of Non-Executive Directors, where two (2) out of the three (3) members are Independent Non-Executive Directors.</p> <p>The Remuneration Committee's Terms of Reference is available at the Company's website at www.jhm.net.my</p> <p>The Remuneration Committee reviews the remuneration packages of the Executive Directors, and recommended to the Board for approval, to ensure their remuneration packages is sufficiently attractive and is able to retain and motivate Executive Directors to run the Company successfully.</p> <p>All the Independent Non-Executive Directors are entitled to the Directors' fees and meeting allowances for attending Board and Board committee meetings. The proposed Directors' fees and Directors' benefits are subject to shareholders' approval at 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	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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 details of the remuneration of each Directors of the Company received or to be received from the Company and on group basis respectively during the financial year ended 31 December 2018 are as follow:-							
		Fees		Salaries*	Bonus*	Benefits-in-kind*	Other Emoluments*	Total	
		Group	Company					Group	Company
		RM	RM	RM	RM	RM	RM	RM	RM
		Executive Directors							
		-	-	496,272	273,010	28,000	217,627	1,014,909	-
		-	-	360,738	124,950	18,181	142,265	646,134	-
		-	-	137,808	14,993	5,000	65,549	223,350	-
		-	-	259,206	44,100	8,800	83,442	395,548	-
		Independent Directors							
		-	36,000	-	-	-	2,500	-	38,500
		-	36,000	-	-	-	2,500	-	38,500
		-	36,000	-	-	-	2,500	-	38,500
		-	44,000	-	-	-	3,500	-	47,500
		-	-	-	-	-	-	-	-
		-	152,000	1,254,024	457,053	59,981	519,883	2,205,686	163,000
		*Paid by Group							
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

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	:	<p>The top five Senior Management's remuneration for the financial year ended 31 December 2018, in bands of RM50,000 is as follow:-</p> <table><thead><tr><th>Range of remuneration</th><th>No. of Senior management</th></tr></thead><tbody><tr><td>RM300,000 to RM350,000</td><td>2</td></tr><tr><td>RM250,000 to RM300,000</td><td>1</td></tr><tr><td>RM100,000 to RM150,000</td><td>2</td></tr><tr><td>Total</td><td><u>5</u></td></tr></tbody></table>	Range of remuneration	No. of Senior management	RM300,000 to RM350,000	2	RM250,000 to RM300,000	1	RM100,000 to RM150,000	2	Total	<u>5</u>
Range of remuneration	No. of Senior management											
RM300,000 to RM350,000	2											
RM250,000 to RM300,000	1											
RM100,000 to RM150,000	2											
Total	<u>5</u>											
		<p>The Board is of the opinion that the disclosure of the remuneration of individual senior management on name basis would not in the best interest of the Group due to confidentiality and the sensitive nature.</p>										
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>												
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.										
Timeframe	:	Choose an item.										

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	:	<p>The Chairman of the Audit Committee and Risk Management Committee is not the Chairman of the Board.</p> <p>The Chairman of the Audit Committee and Risk Management Committee is Mr. Loh Chye Teik, and the Chairman of the Board is Mr. Lim Chun Thang.</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 8.2

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	:	No former key audit partners of the present or former external auditors have been appointed as members of the Audit Committee. The Terms of Reference of the Audit Committee was reviewed and revised on 18 April 2019 to include the observation of the cooling-off period of at least two years before a former key audit partner of the External Auditors can be appointed as a member of the Audit Committee. The Terms of Reference of the Audit Committee is available on the Company's website at www.jhm.net.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	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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>The Audit Committee and Risk Management Committee is responsible for the annual assessment of the competency and independence of the external auditors. Having assessed the performance and independence of the external auditors, the Audit Committee and Risk Management Committee will recommend the re-appointment of external auditors to the Board, who will then seek the shareholders' approval at the Annual General Meeting.</p> <p>The external auditors are required to declare their independence annually to the Audit Committee and Risk Management Committee as specified by the By-Laws issued by the Malaysian Institute of Accountants. The external auditors have provided the declaration in their annual audit plan presented to the Audit Committee and Risk Management Committee of the Company.</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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee and Risk Management Committee of the Company comprises solely of Independent Non-Executive Directors.

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	:	<p>The members of the Audit Committee and Risk Management Committee possess the necessary skills to discharge their duties and are financially literate. The profiles of the members of the Audit Committee and Risk Management Committee are provided in the Annual Report 2018.</p> <p>The training programs that the members of the Audit Committee and Risk Management Committee have attended during the financial year ended 31 December 2018 are disclosed in the Annual Report 2018.</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 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group has in place an effective risk management and internal control framework to identify and assess the risks faced by the Group and thereafter, to implement and monitor appropriate internal controls to manage and mitigate those risks.</p> <p>The risk management and internal control framework is disclosed in Statement on Risk Management and Internal Control in the Annual Report 2018.</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 9.2

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 affirms its overall responsibility for the adequacy and effectiveness of the Group’s risk management and internal control system. Effective risk management and internal control processes play a key role in the pursuit of the Group’s business objectives and sustaining success.</p> <p>The key elements of the risk management and internal control are set out in the Statement on Risk Management and Internal Control in the Annual Report 2018.</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	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has assigned the Audit Committee to oversee the Company's risk management framework and policies. The Audit Committee of the Company now known as Audit Committee and Risk Management Committee.</p> <p>The Audit Committee and Risk Management Committee comprises of wholly Independent Non-Executive Directors. The said committee is assisted by the Risk Management Working Group in discharging its duties to oversee the Company's risk management.</p>

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 independent Internal Audit function is performed by the external independent consulting firms ("Internal Auditors"). The Internal Auditors have direct access to both the Audit Committee and Risk Management Committee, and reports to the Audit Committee and Risk Management Committee on all matters of internal control and audit.</p> <p>Details of the Internal Audit function are set out in the Audit Committee Report in the Annual Report 2018.</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 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 Internal audit functions of the Company is outsourced to Messrs Finfield Corporate Services Sdn Bhd. The internal auditors are free from any relationships of conflict of interest which could impair their objectivity and independence.</p> <p>The number of staff deployed for the internal audit reviews were 2 per visit. The staff involved in the internal audit reviews possess professional qualifications and/ or a university degree. The Chief Audit Executive, Mr Tan Yen Yeow is a member of The Institute of Internal Auditors Malaysia. He has diverse professional experience in internal audit, risk management and corporate governance advisory. He is also a member of the Malaysian Institute of Accountants.</p> <p>The internal audit is carried out in accordance with the risk based internal audit methodology.</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 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	Information is made available to the shareholders and investors through the Annual Reports, the various disclosures and announcements made to Bursa Malaysia Securities Berhad and the Company's corporate website. The Annual General Meeting and / Extraordinary General Meeting provides the principal platform for dialogue and interactions with the shareholders. For more details, please refer to the Corporate Governance Overview Statement in the Annual Report 2018.	
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	:	Not Applicable.	
		The Company is not a large Company as defined by the Malaysian Code on Corporate Governance.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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>21 days' notice period was given in respect of the Company's Thirteenth Annual General Meeting ("AGM") held on 22 May 2018 in accordance with the Company's Constitution and Rule 7.15 of ACE Market Listing Requirement.</p> <p>Nevertheless, the Company has dispatched its notice of Fourteenth AGM to shareholders at least 28-days before the AGM. The adequate time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.</p> <p>The notice of the AGM include details of the resolutions proposed along with background information and reports or recommendations that are relevant.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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>All the Directors of the Company attended the Thirteenth Annual General Meeting of the Company held on 22 May 2018.</p> <p>The Board took note that the presence of all directors in the Annual General Meeting will provide opportunity for shareholders to effectively engage each director. Besides, having the chair of board subcommittees present facilitates these conversations and allow shareholders to raise questions and concerns directly to those responsible.</p> <p>Barring unforeseen circumstances, all Directors as well as the Chairman of respective Board Committee (i.e. Audit Committee and Risk Management Committee, Nomination Committee and Remuneration Committee) will present at the forthcoming Annual General Meeting of the Company to enable the shareholders to raise questions and concerns directly to those responsible.</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	:	Applied	
Explanation on application of the practice	:	<p>The Company’s general meetings have always been held at a venue which is easily accessible.</p> <p>Shareholders are entitled to appoint proxy/proxies to vote on their behalf in their absence at general meetings.</p> <p>All polls conducted since year 2018 were voted upon electronically.</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	:		

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
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.

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