



JAG BERHAD (439230-A)



EMBRACE THE GREEN REVOLUTION

Annual Report 2017

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Datin Stacey Tan Siew Ching
Chairperson and Executive Director

Datuk Md. Hassim Bin Pardi
Independent Non-Executive Director

Dato' Ng Meow Giak
Executive Director

Ewe Chuan Seng
*Senior Independent
Non-Executive Director*

Roy Thean Chong Yew
Independent Non-Executive Director



AUDIT COMMITTEE

Roy Thean Chong Yew
Chairman

Datuk Md. Hassim Bin Pardi
Member

Ewe Chuan Seng
Member

NOMINATION COMMITTEE

Ewe Chuan Seng
Chairman

Roy Thean Chong Yew
Member

Datuk Md. Hassim Bin Pardi
Member

REMUNERATION COMMITTEE

Datuk Md. Hassim Bin Pardi
Chairman

Roy Thean Chong Yew
Member

Ewe Chuan Seng
Member

RISK MANAGEMENT COMMITTEE (Established w.e.f. 26 February 2018)

Roy Thean Chong Yew
Chairman

Ewe Chuan Seng
Member

Datuk Md. Hassim Bin Pardi
Member

Dato' Ng Meow Giak
Member

Datin Stacey Tan Siew Ching
Member

FORM OF LEGAL ENTITY

Incorporated in Malaysia on 14 July 1997
as a private limited company
Converted to a public limited company
on 16 December 2002

COMPANY NUMBER

439230-A

STOCK EXCHANGE LISTING

Listed on ACE Market of Bursa Malaysia
Securities Berhad on 28 July 2003
Stock Code : 0024
Stock Name : JAG
Sector : Industrial Products

COMPANY SECRETARIES

Chua Siew Chuan
MAICSA 0777689

Cheng Chia Ping
MAICSA 1032514

SHARE REGISTRAR

Securities Services (Holdings)
Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan
Telephone no. : +603-2084 9000
Facsimile no. : +603-2094 9940/
+603-2095 0292

REGISTERED OFFICE

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan
Telephone no. : +603-2084 9000
Facsimile no. : +603-2094 9940/
+603-2095 0292
Email : Jason.Cheng@sshshb.com.my

PRINCIPAL OFFICES

JAG Berhad
D61-3A, Block D, Jaya One,
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46200 Petaling Jaya,
Selangor Darul Ehsan
Telephone no. : +603-7954 8876
Facsimile no. : +603-7954 7279
Website : www.jagb.com.my

Jaring Metal Industries Sdn. Bhd.
No. 7, Jalan Sungai Kayu Ara 32/37,
Taman Berjaya, Seksyen 32,
40460 Shah Alam,
Selangor Darul Ehsan
Telephone no. : +603-5740 8823
Facsimile no. : +603-5740 8912
Website : www.jaringmetal.com

AUDITORS

Messrs. Russell Bedford LC & Company
(AF 1237)
Chartered Accountants
10th Floor, Bangunan Yee Seng,
15, Jalan Raja Chulan,
50200 Kuala Lumpur,
Wilayah Persekutuan
Telephone no. : +603-2031 8223
Facsimile no. : +603-2031 4223

PRINCIPAL BANKERS

AmBank (M) Berhad
Malayan Banking Berhad
Public Bank Berhad
United Overseas Bank (Malaysia) Berhad

GROUP CORPORATE STRUCTURE



100%

JARING METAL INDUSTRIES SDN. BHD.*(Company No. 425785-T)*

Principal Activities : Recycling and manufacturing activities of electronic waste and trading of ferrous and non-ferrous metals

80%

JAG NASMECH SDN. BHD.*(Company No. 1130737-D)*

Principal Activities : Operating twenty-four (24) hour coin-operated laundry business

100%

JAG SYSTEMS SDN. BHD.*(Company No. 297387-W)*

Principal Activities : Computer software development, marketing, maintenance and support services

100%

JAG CAPITAL EQUITY SDN. BHD.*(Company No. 206708-P)*

Principal Activities : Investment trading company

100%

JAG LAND SDN. BHD.*(Company No. 1130684-K)*

Principal Activities : Buy, sell, rent and operate self-owned or leased real estate land, property development and project management

100%

JAG DEVELOPMENT (PERAK) SDN. BHD.*(Company No. 1249718-T)*

Principal Activities : Dormant

ABBREVIATIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Annual Report:-

Abbreviations	Description
“ACE LR” or “Listing Requirements”	ACE Market Listing Requirements of Bursa Securities
“AGM”	Annual General Meeting
“Bursa Securities”	Bursa Malaysia Securities Berhad
“FYE 2016”	Financial year ended 31 December 2016
“FYE 2017”	Financial year ended 31 December 2017
“JAG” or “the Company”	JAG Berhad (439230-A)
“JAG Group” or “the Group”	JAG and its subsidiaries
“JMI”	Jaring Metal Industries Sdn. Bhd. (425785-T), a wholly-owned subsidiary of the Company
“LPD”	Latest practicable date, which is on 20 March 2018
“MFRS”	Malaysian Financial Reporting Standard
“MCCG 2012”	Malaysian Code on Corporate Governance 2012
“new MCCG”	New Malaysian Code on Corporate Governance issued by SC with effective from 26 April 2018
“SC”	Securities Commission Malaysia
“the Act” or “CA 2016”	The Companies Act 2016
“USD”	United States Dollar



TECHNICAL INFORMATION SHEET

Technical Terms	Description
DOE	Department of Environment, an agency of Ministry of Natural Resources and Environment
E&E	Electrical and Electronic
E-waste(s)	E&E waste(s)
Ferrous	Chemical compound that indicates the presence of iron
Non-ferrous	Metals other than iron and alloys that do not contain an appreciable amount of iron.
Scheduled Waste(s)	Wastes that fall into the categories of waste listed in Malaysia's First Schedule of the Environmental Quality (Scheduled Waste) Regulations 2005. Scheduled wastes can be categorised into five (5) types of wastes, which consist of: <ul style="list-style-type: none"> metal or metal-bearing wastes; wastes with inorganic constituents which may include metal and organic materials; wastes with organic constituents which may contain metal or inorganic materials; wastes that contain inorganic or organic materials; and other wastes
Non-Scheduled Waste(s)	Wastes that do not fall into the categories of waste listed in Malaysia's First Schedule of the Environmental Quality (Scheduled Waste) Regulations 2005. Non-scheduled wastes include wastes such as paper, plastic and glass.
Licensed Scheduled Waste(s)	Categories of Scheduled Wastes where JMI is licensed to carry out recycling activities by the DOE – Please refer to Table A below for full listing.
LME	London Metal Exchange

Table A – Licensed Scheduled Wastes

Category	Description
SW1	Metal and metal-bearing wastes
SW104	Dust, slag, dross or ash containing aluminium, arsenic, mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium, thallium or selenium excluding slag from iron and steel factory
SW110	Waste from E&E assemblies containing components such as accumulators, mercury-switches, glass from cathode-ray tubes and other activated glass or polychlorinated biphenyl capacitors, or contaminated with cadmium, mercury, lead, nickel, chromium, copper, lithium, silver, manganese or polychlorinated biphenyl
SW2	Wastes containing principally inorganic constituents which may contain metals and organic materials
SW202	Wastes catalysts
SW204	Sludges containing one or several metals including chromium, copper, nickel, zinc, lead, cadmium, aluminium, tin, vanadium and beryllium
SW206	Spent inorganic acids
SW3	Wastes containing principally organic constituents which may contain metals and inorganic materials
SW325	Uncured resin waste containing organic solvents or heavy metals including epoxy resin and phenolic resin
SW4	Wastes which may contain either inorganic or organic constituents
SW401	Spent alkalis containing heavy metals
SW410	Rags, plastics, papers or filters contaminated with Scheduled Wastes
SW411	Spent activated carbon excluding carbon from the treatment of potable water and processes of the food industry and vitamin production
SW414	Spent aqueous alkaline solution containing cyanide
SW422	A mixture of Scheduled and Non-Scheduled Wastes
SW423	Spent processing solution, discarded photographic chemicals or discarded photographic wastes

Chairperson's Statement

Dear Valued Shareholders,

We are heartened to close our FYE 2017 with a resounding note, charting our best results since the reverse takeover in December 2013. This is certainly a milestone for JAG Berhad and the Group, and it not only reaffirms our commitment to grow our core division, but also provides us with the impetus to further propel other businesses within the Group.

As always, our primary focus remained on delivering long-term and sustainable value to the Group and stakeholders. On behalf of the Board of Directors, I am pleased to present to you our Annual Report and Audited Consolidated Financial Statements for FYE 2017.



CHAIRPERSON'S STATEMENT

cont'd

ECONOMIC LANDSCAPE

The global economy in 2017 ended on a high note, with gross domestic product (GDP) accelerating over much of the world in the broadest cyclical upswing since the start of the decade. One notable aspect of the upswing was its breadth. Growth accelerated in about three quarters of countries, the highest share since 2010. Some of the larger emerging market economies, such as Argentina, Brazil and Russia, exited their recessions.

Boosted by a recovery in investment, global trade growth rebounded from its slowest pace since 2001, other than during the recession of 2009. Metal and fuel prices were supported by stronger momentum in global demand as well as supply restraints in the energy sector.

Closer to home, the Malaysian economy grew faster than it had been forecasted, with a growth of 5.9% as of the end of 2017. The private-sector demand continued to be the primary driver of growth, with further support from the external sector. From the supply side, all economic sectors continued to expand, except for mining.

On the commodities front, it was a mix of a pick-up in demand and supply-side consolidation that paved the way for a bull market in 2017. During the year, several commodities hit multi-year highs, aluminium had the best year in five while copper hit a three-year record and nickel hit a two-year high.

The semiconductor industry, which we primarily rely on, posted global sales totalling USD412.2 billion in 2017 according to the Semiconductor Industry Association, the industry's highest-ever annual sales and an increase of 21.6% compared to the 2016 total.

In 2018, semiconductors are expected to continue spearheading the growth of the E&E industry, more so as the industry has become more heavily embedded in an ever-increasing number of products and nascent technologies like artificial intelligence, virtual reality, and the Internet-of-Things. In fact, the global semiconductor market is expected to grow at a compound annual growth rate of about 15% from 2015 to 2019.

Furthermore, Malaysia's move to invest in and grow its digital economy as well as the impetus to develop Internet-of-Things technology will lead to a significant increase in E-Waste volume. As a result, the volume of E-Waste will increase, which will positively impact the Group.

FINANCIAL PERFORMANCE

The Group registered a profit after tax ("PAT") of RM8.40 million for FYE 2017, a commendable four-fold increase from the RM2.06 million recorded in FYE 2016. These results were achieved on the back of a turnover of RM143.62 million, a significant increase from the RM93.58 million recorded last year.

Our strong results were primarily attributable to a higher number of contracts secured in 2017, as well as the strengthening of copper and nickel prices.

Earnings per share (basic) for the full year was 0.68 sen per share, while net assets per share as at 31 December 2017 was 12.98 sen.

DIVIDEND

The first interim dividend of RM0.001 per ordinary share (single tier) amounting to RM1.27 million for the FYE 2017 was declared and paid to the entitled shareholders on 16 August 2017 and 6 October 2017, respectively.

A final single tier dividend of RM0.001 per ordinary share (single tier) amounting to RM1.38 million has been recommended by the Directors in respect of the FYE 2017 and subject to shareholders' approval at the forthcoming 20th AGM, will be paid to the shareholders on 7 June 2018. The entitlement date for the dividend shall be 28 May 2018.

The total dividend for the current financial year to-date is single tier dividend of RM0.002 per ordinary share.

CORPORATE DEVELOPMENTS

In March 2017, we obtained the approval from our shareholders to diversify our business to include property development and property investment.

Targeted for launch in second quarter of the financial year ending 31 December 2018, our maiden project, *ARCA*, comprises six (6) units of Shop-offices, an office tower with 117 units and 238 units of 3 room condominiums. The development has an estimated Gross Development Value of RM220 million.

CHAIRPERSON'S STATEMENT

cont'd

As this division grows, the Group fully expects to continue to focus on mixed or integrated developments, both commercial and residential, along with transit-oriented developments. The Group also would like to pay close attention to key urban areas including Klang Valley, Penang, Ipoh and Johor.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

As a leader in E-Waste management, we strongly believe in a sustainable business model, where viable practises will lead to a sustainable growth and as such, we are committed towards placing processes that will allow us to be a socially responsible corporate entity. Thus, in line with the four (4) key pillars laid out by the Bursa Securities framework, we have expanded the details in our *Corporate Responsibility Statement* in this Annual Report.

OUTLOOK

Fluctuations in exchange rates and commodity prices will continue to have an impact on the Group's financial performance and position. Nevertheless, with demand for copper expected to sustain this year, we foresee our E-Waste management division thriving in 2018.

Furthermore, our maiden project is expected to contribute a gross development profit of between RM20 million to RM35 million to the Group, to be achieved progressively over the development period of *ARCA* from the sales of the shop-offices, office suites and residential apartments.

As we look forward to the remaining 2018, the Board of Directors and the Senior Management endeavours to work hand-in-hand in continuing this positive momentum, and ultimately, register an even stronger year.

APPRECIATION

On behalf of the Board of Directors, I would like to thank all our shareholders, vendors, suppliers, business associates as well as policymakers, regulators and relevant Government agencies for their support all throughout the year. I would also like to thank our Board members for their commitment and loyalty as well as their expertise and guidance. We are truly grateful of their hard work and dedication towards the Group, its management and employees.

The cooperation and professionalism that I have seen and experienced is an important part of our Group's success. Here's to another successful year ahead.

Thank you.

Datin Stacey Tan Siew Ching
Chairperson and Executive Director

MANAGEMENT DISCUSSION & ANALYSIS

GROUP OVERVIEW AND STRATEGY

JAG's and the Group's business activities comprise total waste management ("TWM"), coin operated laundry services, property development, software solutions, and investment holding through its subsidiaries.

The TWM division continued to be the largest revenue and profit contributor to the Group in the FYE 2017. During the financial year under review, the TWM division implemented strategic business plans, continued with cost reduction measures and increased production efficiencies. Consequently increasing its competitive advantage and as a result, secured a higher number of tenders during the financial year under review.

These strategies also contributed to the Group's strong performance in FYE 2017, marking JAG's strongest results since the completion of the reverse acquisition take-over in 2013.

GROUP FINANCIAL REVIEW

	2017	2016	2015	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	143,623	93,579	84,791	130,389	135,716
Profit/(Loss) Before Tax	10,891	2,564	(22,415)	6,756	8,755
Finance Costs	820	635	599	714	1,370
Profit/(Loss) After Tax	8,397	2,059	(19,791)	6,324	7,556
Shareholders' Equity	146,587	124,310	123,798	115,828	97,472
Total Assets	178,833	155,192	149,956	150,835	135,723
Borrowings	17,376	15,744	12,396	18,368	21,187
Basic Earnings Per Share (sen)	0.68	0.18	(1.80)	0.66	1.59

The Group reported a profit after tax (PAT) of RM8.4 million, a commendable 307.82% increase from FYE 2016. These results we achieved on the back of a turnover of RM143.62 million compared with RM93.58 million in FYE 2016. The increase in revenue was primarily due to the TWM division, which contributed 93.75% of the Group's revenue.

The Group's strong performance was mainly due to the increase in number of waste procurement contracts as well as strengthened commodity prices, particularly copper, aluminum and nickel. An effective cost control had also contributed to the Group's performance.

MANAGEMENT DISCUSSION & ANALYSIS

cont'd

The fluctuation of commodity prices in 2016 and 2017 and illustrated as below:



Source: Average price extracted from LME

PERFORMANCE REVIEW

TWM Division

The TWM division, JMI, is one of the market leaders in the E-Waste recovery business in Malaysia. JMI is also one (1) of nine (9) recycling companies in Malaysia with full recovery license awarded by the Department of Environment (“DOE”) (License no. 003670)¹. The full recovery license allows the division to carry out all stages of the recycling process such as collection, transportation, processing and disposal of scheduled wastes.

In respect of quality control, JMI strongly believes that quality (in terms of operations and processes) is important as it lends credibility to JMI’s operations. Hence, JMI has obtained the following certifications:

- i. ISO 9001:2015 certification for the trading, processing and recovery of ferrous, non-ferrous and precious metals;
- ii. ISO 14001:2015 certification for the trading, processing and recovery of ferrous, non-ferrous and precious metals; and
- iii. OHSAS 18001:2007 certification for the trading, processing and recovery of ferrous, non-ferrous and precious metals.

During the financial year under review, the production process controls were fine-tuned to reduce wastage as well as to cater the increased input volume. This was in line with JMI’s continuous efforts to optimise the capacity and efficiency of the production process. These implementations improved the efficiency of the processing chain, specifically for smelting, precious metal recovery, electrolysis, and carbonising. Despite of the increase in input volume, JMI had recorded an increase in output of 66% in FYE 2017 compared to FYE 2016 without major additional capital investment throughout the year.

¹ Data from Department of Environment as at 21 March 2018, List of Licensed Schedule Waste Facility/Transporter

MANAGEMENT DISCUSSION & ANALYSIS

cont'd

However, to remain competitive in the waste management industry, sourcing for materials or waste is the biggest challenge especially for full recovery plant licensed holders.

The development of the E&E industry in Malaysia has evolved over the years, starting with only a few global companies in 1970s that were undertaking labour intensive, low technology and low value added activities. The said industries now have a full range of semiconductor, solar and LED clusters with many companies undertaking higher value added products and front-end activities including design, research and development in Malaysia.²

Malaysian Investment Development Authority (“MIDA”) had in March 2018 announced RM9.7 billion investments in E&E products² which were approved in 2017 as compared to RM9.2 billion in 2016. The approved investments ranked second (2nd) largest among all investments approved in 2017, proving that the E&E sector is one of the key growth industries for the Malaysian economy.

In view of the positive outlook, the Management is confident of JMI’s future prospects. JMI believes that with the Group’s investment in the facility and further capital investment in 2018, the TWM division is en-route to its move towards a more sustainable management system. The continued strengthening of commodity prices have been favourable to the Group, and thus, give the Management the confidence to strive for a stronger year for the division.

Services Division – Coin operated laundry business

The self-operated laundry model was introduced in Malaysia in the late 1990s. With the introduction of more efficient and cost saving machines in recent years, the self-operated laundry industry has been gaining popularity.

This division is driven by JAG Nasmeh Sdn. Bhd. (“JAGN”), an indirect subsidiary of the Company, through JMI, which began its journey with its first outlet in Putra Permai, Selangor in September 2015. The said outlet achieved a break-even status within three (3) months of operations. To-date, a total of 11 outlets have been introduced and operated by JAGN in carefully identified dense populated areas around Klang Valley, as at 20 March 2018. The number of equipment for each outlet was determined by the experienced sales and marketing team based on market surveys, observations and experience.

Although this business segment faces stiff competition from other operators, as the barrier to entry in this industry is low, JAGN maintained its competitive advantages by:

- (i) Cosy and colourful decoration which provides a comfortable, cheerful and relaxed atmosphere to user;
- (ii) Targeted corner units which provides more space for user;
- (iii) 24-hours operated CCTV, installation of spotlights for brighter environment in all outlets in order to enhance security;
- (iv) Competitive pricing;
- (v) Largest wash capacity up to 27kg per wash;
- (vi) Air cooler to offer a cooling environment from the sweltering heat;
- (vii) Free high speed WiFi;
- (viii) Environmentally friendly laundry washer with ECO Wash Technology which consumes less water;
- (ix) Dual directional dryer which can save drying energy by 20%; and
- (x) Massage chairs to provide some comfort while waiting for the laundry.

For the expansion and future prospects of this segment, the Management is still actively searching and exploring suitable locations for expansion. JAGN is targeting to operate a total of fifteen (15) outlets in the next two (2) years.

Property Development Division

JAG Land Sdn. Bhd. (“JAGL”) being the property arm company to the Group, is in the midst of developing the Group’s maiden project named **ARCA**, an integrated lifestyle mixed development project comprising six (6) units of shops-office, an office tower with 117 units and 238 units of three (3) rooms condominiums located in Taman Sentosa, Klang.

² Source from Malaysia Investment Performance Report 2017, by MIDA on 6 March 2018

MANAGEMENT DISCUSSION & ANALYSIS

cont'd

With an estimated Gross Development Value (“GDV”) of RM220 million, ARCA will be the biggest integrated strata development within 4km radius once completed. Located strategically just 800m away from the upcoming West Coast Expressway’s Sri Andalas interchange junction, ARCA is not only accessible but also a stone’s throw away from a multitude of amenities.

ARCA’s features are listed below:

ARCA’s Unique Selling Points

ARCA Residence

 FREEHOLD	 238 UNITS CONDOMINIUMS	 ACCESSIBILITY & CONNECTIVITY	 24-HOUR SECURITY	 SUPERB CROSS VENTILATION	 COMPLETE PRIVACY
 LOW DENSITY 7 UNITS PER FLOOR	 SKY BUNGALOWS & SKY SEMI-D	 DUAL-KEY UNIT	 ON-SITE FACILITIES	 FEATURED LANDSCAPES	 2 OR 2 CAR PARKS*

ARCA Tower

 FREEHOLD	 4 EXCLUSIVE DUAL FRONTAGE LIFESTYLE SHOPS	 137 UNITS MODERN OFFICE	 GREATER ACCESSIBILITY, LIVABILITY & CONNECTIVITY	 24-HOUR SECURITY & CCTV SURVEILLANCE	 GRAND ENTRANCE LOBBY	 PEDESTRIAN FLAP BARRIER GATES
 MULTIPLE LAYOUT OPTIONS RANGING FROM 441 TO 961 SQ.FT.	 “BOX-IN” PRIVATE FRONTAGE	 3.4M FLOOR-TO- FLOOR HEIGHT	 IN SUITE WASHROOM	 LIFESTYLE FACILITIES PODIUM	 1 OR 2 CAR PARKS*	



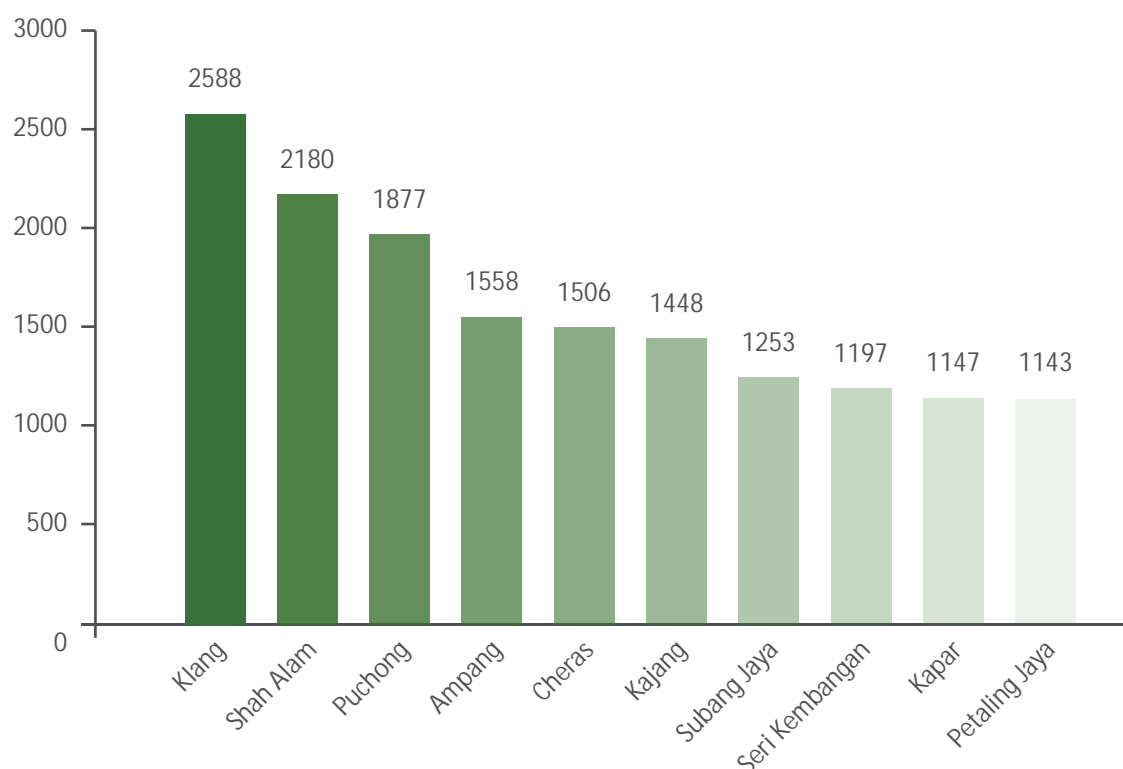


MANAGEMENT DISCUSSION & ANALYSIS

cont'd

Klang has become a new property hot spot with record introductions of new developments in the area over the past years. This is proven by the figures from Iproperty³ which show that Klang garnered the highest number of sales transactions in term of sub-sale residential properties, beating established crowd-favourites such as Puchong, Cheras, Subang Jaya and Petaling Jaya.

Top 10 Residential Sales in Selangor (April 2016 - March 2017)



ARCA is expected to contribute a gross development profit of between RM20 million to RM35 million to be achieved progressively over the development period from the sales of the shop-offices, office suites and residential condominium. The sales gallery is currently under construction and the Group expects to launch the Development Project in the second quarter of the financial year ending 31 December 2018.

Further information on ARCA can be viewed in <http://arca.com.my>.

Prospects and moving forward

TWM division will continue to be the major revenue and profit contributor to the Group. According to Bloomberg, the demand of copper will continue to sustain in 2018⁴, and the positive outlook of E&E industry has given the Group the confidence to strive thrive for better financial performance in the year ahead.

For the property development division, JAGL will continue positioning itself as a boutique developer, focusing on selected mixed or integrated projects, be it commercial or residential as opposed to a township developer. As for ARCA, we look forward to the completion of the project which we believe will be well-received by potential buyers. We see demand for quality and innovative properties such as ARCA, in key urban areas, and we intend to tap on to this demand to further develop our property division.

Whilst we are positive with the outlook of the Group for the year ahead, we are also confident that the plans that have been put in place will ensure the growth of JAG Group.

³ Iproperty.com cover story for Dec 2017

⁴ <https://www.bloomberg.com/news/articles/2017-12-12/want-to-make-money-in-industrial-metals-next-year-ask-china-how>

PROFILES OF THE BOARD OF DIRECTOR

DATIN STACEY TAN SIEW CHING

*Chairperson and Executive Director
Malaysian, aged 49, Female*

Date of appointment as Director : 15 March 2011

Length of service as director since listing on 28 July 2003 (as at LPD) : 7 years 0 months

Board Committee(s) Membership : Member of Risk Management Committee

Academic/ Professional Qualification(s) : Bachelor of Science (Honours) degree in Business Economics from the University of Salford in the United Kingdom

Present Directorship(s) in other Public Companies and Listed Companies: : Datin Stacey Tan does not hold any directorship in other public companies or public listed companies, but Datin Stacey Tan sits on the Board of several private companies.

Working experience:

Datin Stacey Tan possesses vast experience in various fields namely trading, retailing, information technology, education and training, interior design, refurbishment and contracting.

Time committed:

Datin Stacey Tan attended all the six (6) Board of Directors' Meetings of the Company held in the FYE 2017.

DATO' NG MEOW GIAK

*Executive Director
Malaysian, aged 46, Male*

Date of appointment as Director : 5 December 2013

Length of service as director since listing on 28 July 2003 (as at LPD) : 4 years 3 months

Board Committee(s) Membership : Member of Risk Management Committee

Academic/ Professional Qualification(s) : Upper secondary education, Form 5 in Malaysia

Present Directorship(s) in other Public Companies and Listed Companies: : Dato' Ng does not hold any other directorship in other public companies or public listed companies, but Dato' Ng sits on the Board of several private companies.

Family relationship with any Director and/or major shareholder of the Company : Dato' Ng is a substantial shareholder of the Company effective from 10 December 2013.

He is the brother to Dato' Ng Aik Kee and Mr. Ng Yaw Long, all of them are major shareholders of the Company.

Working experience:

Dato' Ng started his career in JMI from 1 January 1998 and has 20 years of experience in recycling and E-Wastes recycling industry. Dato' Ng is responsible for the overall business development activities of JMI which includes the review of sales strategies, review of contracts and maintaining good working relationships with customers.

Time committed:

Dato' Ng attended five (5) out of six (6) Board of Directors' Meetings of the Company held in the FYE 2017.

PROFILES OF THE BOARD OF DIRECTOR

cont'd

ROY THEAN CHONG YEW

*Independent Non-Executive Director
Malaysian, aged 46, Male*

Date of appointment as Director : 18 October 2010

Length of service as director since listing on 28 July 2003 (as at LPD) : 7 years 5 months

Board Committee(s) Membership : • Chairman of Audit Committee
• Chairman of Risk Management Committee
• Member of Nomination Committee
• Member of Remuneration Committee

Academic/ Professional Qualification(s) : • Member of the Malaysian Institute of Certified Public Accountants ("MICPA")
• Member of the Malaysian Institute of Accountants ("MIA")
• Chartered Member of Institute of Internal Auditors of Malaysia ("CMIIA")

Present Directorship(s) in other Public Companies and Listed Companies: : • Malaysia Steel Works (KL) Berhad, a public listed company

Working experience:

Mr. Roy Thean started embarking on his career path in year 1994 with PKF Malaysia. After accumulating extensive working experience in his field, Mr. Roy Thean left PKF Malaysia as an Audit Manager in year 2003 to join a professional services firm, Russell Bedford Malaysia Business Advisory Sdn. Bhd. for another six (6) years, rising to the position of an Executive Director. He is at present in the commercial line, playing the role of an Executive Director of several private companies that is involved in project management activities.

Time committed:

Mr. Roy Thean attended all the six (6) Board of Directors' Meetings of the Company held in the FYE 2017.

DATUK MD. HASSIM BIN PARDI

*Independent Non-Executive Director
Malaysian, aged 65, Male*

Date of appointment as Director : 26 August 2011

Length of service as director since listing on 28 July 2003 (as at LPD) : 6 years 6 months

Board Committee(s) Membership : • Chairman of Remuneration Committee
• Member of Audit Committee
• Member of Nomination Committee
• Member of Risk Management Committee

Academic/ Professional Qualification(s) : • Honours degree in Bachelor of Arts, University of Malaya
• Diploma of Public Administration, University of Malaya

Present Directorship(s) in other Public Companies and Listed Companies: : Nil

Working experience:

Datuk Md. Hassim had served the Malaysian Customs Department for thirty-four (34) years until August 2010, with last held position as the Assistant Director General of Customs. Out of the thirty-four (34) years' tenure, he had held the position as the State Customs Director in the states of Perlis, Melaka and Sarawak for eleven (11) years.

Time committed:

Datuk Md. Hassim attended all the six (6) Board of Directors' Meetings of the Company held in the FYE 2017.

PROFILES OF THE BOARD OF DIRECTOR

cont'd

EWE CHUAN SENG

*Senior Independent Non-Executive Director
Malaysian, aged 61, Male*

Date of appointment as Director : 13 August 2014

Length of service as director since listing on 28 July 2003 (as at LPD) : 4 years and 2 months
Previous Appointment: 7 months
03.11.2010 to 20.06.2011

Current Appointment: 3 year and 7 months
13.08.2014 to present

Mr. Ewe was once a Director of the Company in year 2010 for a period of seven (7) months and rejoined the Board on 13 August 2014 as an Independent Non-Executive Director

Board Committee(s) Membership : • Chairman of Nomination Committee
• Member of Audit Committee
• Member of Remuneration Committee
• Member of Risk Management Committee

Academic/ Professional Qualification(s) : • Honours degree in Bachelor of Arts, Universiti Sains Malaysia
• LLB (Hons), University of East London
• Certificate of Legal Practice (CLP)
• Member of Chartered Institute of Arbitrators (CI Arb), United Kingdom

Present Directorship(s) in other Public Companies and Listed Companies: : Nil

Working experience:

Mr. Ewe joined the police force as an Assistant Superintendent of Police in February 1983 before joining the private sector as a Factory Manager and then a General Manager.

He joined Tan Cheong Leong & Sons Realty Sdn. Bhd. Group of Companies (with business activities in property development, property management and manufacturing) and rose to become its Group General Manager in charge of legal affairs and human resources.

Currently he is the senior partner in Messrs. Ewe Chong & Khoo since July 1999 to present.

Time committed:

Mr. Ewe attended four (4) out of six (6) Board of Directors' Meetings of the Company held in the FYE 2017.

Notes:-

Save as disclosed above, none of the Directors has:-

- (a) any family relationship with any Director and/or major shareholder of the Company;
- (b) any conflict of interest with the Company; and
- (c) any conviction for offences (other than traffic offences) within the past five (5) years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILES OF KEY SENIOR MANAGEMENT

DATIN STACEY TAN SIEW CHING

*Chairperson and Executive Director
Malaysian, aged 49, Female*

[Please refer to page 14 for profile of Datin Stacey Tan]

DATO' NG AIK KEE, THOMAS

*Managing Director, JMI
Malaysian, aged 48, Male*

Date first appointed to the key senior management position : 1 January 1998

Academic/ Professional Qualification(s) : Upper secondary education, Form 5 in Malaysia

Present Directorship(s) in other Public Companies and Listed Companies : Dato' Thomas Ng does not hold any other directorship in other public companies or public listed companies, but he sits on the Board of several private companies

Family relationship with any Director and/or major shareholder of the Company : Dato' Thomas Ng is a substantial shareholder of the Company effective from 10 December 2013

He is the brother to Dato' Ng Meow Giak and Mr. Ng Yaw Long. All of them are major shareholders of the Company. Dato' Ng Meow Giak is an Executive Director of the Company

Working experience:

Dato' Thomas Ng joined JMI since 1 January 1998 and has more than 20 years of experience in recycling and E-Wastes recycling industry. His main role in JMI is to oversee the overall performance and operation, provide direction and strategy of the Company.

Disclosure on Conflict of Interest and Convictions for Offences (if any):

He has no conflict of interest with the Company and has no convictions for any offences, other than traffic offences (if any) within the past five (5) years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

DATO' NG MEOW GIAK

*Executive Director
Malaysian, aged 46, Male*

[Please refer to page 14 for profile of Dato' Ng]

PROFILES OF KEY SENIOR MANAGEMENT

cont'd

NG YAW LONG, TONY

Operation Director, JMI
Malaysian, aged 42, Male

Date first appointed to the key senior management position : 1 September 2000

Academic/ Professional Qualification(s) : Mr. Tony Ng graduated with a Bachelor of Business Information Systems in 1998 and subsequently a Master degree in Practicing Accounting in year 2000 from Monash University, Australia

Present Directorship(s) in other Public Companies and Listed Companies : Mr. Tony Ng does not hold any other directorship in other public companies or public listed companies, but he sits on the Board of several private companies

Family relationship with any Director and/or major shareholder of the Company : Mr. Tony Ng is a substantial shareholder of the Company effective from 10 December 2013

He is the brother to Dato' Ng Aik Kee and Dato' Ng Meow Giak. All of them are major shareholders of the Company. Dato' Ng Meow Giak is an Executive Director of the Company

Working experience:

Mr. Tony Ng joined the Company in 2000 as the Information Technology ("IT") Manager managing IT, hardware and software systems. He was subsequently promoted in 2007 to be the Operation Director. Over the years, his job scope has grown to include overseeing various departments operations such as human resource, production, plant facilities, legal compliance, government affairs and administrations. With over 16 years of working experience in the metal recycling industry, Mr. Tony Ng has gained a wide knowledge in business operations and management.

Disclosure on Conflict of Interest and Convictions for Offences (if any):

He has no conflict of interest with the Company and has no convictions for any offences, other than traffic offences (if any) within the past five (5) years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

GOH CHEE HONG

Finance Manager, JMI
Malaysian, aged 47, Male

Date first appointed to the key senior management position : 17 May 2010

Academic/ Professional Qualification(s) : Mr. Goh obtained his ACCA qualification in the year 1998 and was admitted as an Associate of the ACCA in the same year

Present Directorship(s) in other Public Companies and Listed Companies : Mr. Goh does not hold any other directorship in other public companies or public listed companies

Family relationship with any Director and/or major shareholder of the Company : Mr. Goh has no family relationship with any director and/or major shareholder of the Company

Working experience:

Prior to joining JMI, he was employed as an Assistant Manager in The Valiram Group (a luxury goods retailer), in charge of the inventory department, internal audit department and merchandising department.

Disclosure on Conflict of Interest and Convictions for Offences (if any):

He has no conflict of interest with the Company and has no convictions for any offences, other than traffic offences (if any) within the past five (5) years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

PROFILES OF KEY SENIOR MANAGEMENT

cont'd

KEK BENG SOON

*Financial Controller, JAG Berhad
Malaysia, aged 30, Malaysian*

Date first appointed to the key senior management position : 1 November 2016

Academic/ Professional Qualification(s) : Mr. Kek is a member of Association of Chartered Certified Accountants (“ACCA”) and he was graduated with Bachelor Degree and Advanced Diploma in Business Studies, Administration and Management from Tunku Abdul Rahman University College in 2011.

Present Directorship(s) in other Public Companies and Listed Companies : Mr. Kek does not hold any other directorship in other public companies or public listed companies

Family relationship with any Director and/or major shareholder of the Company : Mr. Kek has no family relationship with any director and/or major shareholder of the Company

Working experience:

Prior to joining the Group, Mr. Kek started his career as an audit assistance executive with Russell Bedford LC & Co (“RBLC”), a medium tier audit firm in Malaysia rising to the position of assistant audit manager and left RBLC in 2016 to join the Group.

Whilst with RBLC, he was involved in several finance and accounting project such as Goods and Services Tax implementation project, MFRS implementation project, financial due diligence etc. Besides, he was also having vast experience in leading audit assignments of listed and private companies from various industries.

Disclosure on Conflict of Interest and Convictions for Offences (if any):

He has no conflict of interest with the Company and has no convictions for any offences, other than traffic offences (if any) within the past five (5) years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

NG SENG TEIK

*Project Director, JAG Land Sdn. Bhd.
Malaysian, aged 42, Male*

Date first appointed to the key senior management position : 2 November 2015

Academic/ Professional Qualification(s) : Mr. ST Ng graduated with Bachelor of Civil Engineering from University of Hertfordshire, United Kingdom in 1999

Present Directorship(s) in other Public Companies and Listed Companies : Mr. ST Ng does not hold any other directorship in other public companies or public listed companies

Family relationship with any Director and/or major shareholder of the Company : Mr. ST Ng has no family relationship with any director and/or major shareholder of the Company

Working experience:

Mr. ST Ng currently heading the Group’s property development operations via the maiden property development project located in Taman Sentosa in Klang.

Prior to joining the Group, he began his career as a Geotechnical Engineer with a geologist firm in Malaysia. He was also involved in geotechnical design, analysis as well as failure investigation during his career path. Thereafter, he attached to 2 local property development companies and last position he held in that company was Head of Project Department where he was responsible for project development, planning and construction, property management and maintenance works.

Disclosure on Conflict of Interest and Convictions for Offences (if any):

He has no conflict of interest with the Company and has no convictions for any offences, other than traffic offences (if any) within the past five (5) years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors recognises that corporate governance is of paramount importance in ensuring the Company is managed in the best interest of the shareholders.

The Board is pleased to present this Corporate Governance (“CG”) Overview Statement to provide the investors with a summary of the CG practices adopted by the Company in achieving the intended outcomes as set out in the new MCCG with reference to the three (3) key principles under the stewardship of the Board.

This Statement also serves as a compliance with Rule 15.25(1) of the ACE LR of Bursa Securities and should be read together with the CG Report of the Company for FYE 2017.

The CG Report 2017 is available for viewing on the Company’s corporate website at www.jagb.com.my.

Development in Corporate Governance

The Securities Commission of Malaysia had on 26 April 2017 released the new MCCG, superseding the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”), a set of best practices to strengthen corporate culture anchored on accountability and transparency.

Application Period

With the new MCCG came into operation with effect from 26 April 2017, the Group is endeavour to apply the best practices throughout the organisation as suggested in the new MCCG. Prior to that, the Group has been applying the principles in the MCCG 2012.

Application Period	CG Practices
<ul style="list-style-type: none"> 1 January 2017 to 25 April 2017 	MCCG 2012
<ul style="list-style-type: none"> 26 April 2017 to 31 December 2017; and 1 January 2018 to 20 March 2018 (being the date of this Statement, where applicable) 	new MCCG

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Intended Outcome 1.0

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.

1. Duties and responsibilities of the Board

The Board is responsible for the leadership, oversight and the long-term success of the Group.

Certain responsibilities of the Board are delegated to other Board Committees, which operate within clearly defined Terms of Reference. Standing committees of the Board include the Audit Committee (“AC”), Nomination Committee (“NC”), Remuneration Committee (“RC”), Risk Management Committee (“RMC”) and Share Issuance Scheme Option Committee.

Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and/or decisions made by the each Board Committee through the reports made by Chairman or representative of each Committee and the tabling of Board Committee Minutes of the applicable period for notation by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

1. Duties and responsibilities of the Board *cont'd*

It is the general policy of the Company that all major decisions be considered by the Board as a whole.

To ensure the effective discharge of its function and duties, the primary responsibilities of the Board include (but are not limited to) the following:-

(a) Promote Good Governance Culture

The Board and the senior management fully understand their collective duties and responsibilities in guiding the business activities of the Group in reaching an optimum balance of a sound and sustainable business operation with an optimal corporate governance framework in order to safeguard shareholders' value.

(b) Review of Management's Proposals & Business/Strategic Plan

It is the practice of the Board to deliberate, review and approve the business proposals and strategic initiatives proposed by the Management. The Board monitors the implementation of the strategic initiatives regularly, through reporting updates by the Senior Management Team, to ensure that the Group is aligned with its objectives set.

For the FYE 2017, the Management had presented to the Board the following proposals and strategic initiatives:-

i. Annual Budget Plan

As a financial activity tracking initiative, the Management had tabled to the Board, the annual budget plan of the Group for FYE 2017 for review and approval.

The Board reviewed and deliberated the basis and assumptions made by the Management when preparing the annual budget plan of the Group for FYE 2017 and provided guidance to ensure that the assumptions made were realistic and applicable to the Group.

ii. Diversification into Property Business ("Proposed Diversification")

With the aim to expand the Group's sources of revenue while at the same time, potentially provide an alternative source of income, the Management had proposed to diversify the Group's business to include property development and property investment.

The Board reviewed and deliberated the Proposed Diversification at great length, as well as cross-examining Management's underlying assumptions and considered its risk and opportunity, prior to approving the same for adoption.

The Proposed Diversification was approved by the shareholders at the Extraordinary General Meeting of the Company held on 3 March 2017.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

1. Duties and responsibilities of the Board *cont'd*

(c) Oversee of Business Operations and Performance Tracking

The Senior Management Team which consists of the following senior management personnel, headed by the Chairperson and Executive Director, Datin Tan Siew Ching, Stacey (“**Datin Stacey Tan**”) are responsible for the day-to-day management and operations of the Group:-

Name	Designation
Datin Stacey Tan	Chairperson and Executive Director (Information Technology (“IT”) Services Division)
Dato’ Ng Meow Giak	Executive Director (Total Waste Management (“TWM”) Division)
Mr. Kek Beng Soon	Financial Controller (Group)
Dato’ Ng Aik Kee, Thomas	Managing Director (TWM Division)
Mr. Ng Yaw Long, Tony	Operation Director (TWM Division)
Mr. Goh Chee Hong	Finance Manager (TWM Division)
Mr. Ng Seng Teik	Project Director (Property Development Division)

The principal responsibilities of the Senior Management Team are as follows:-

- Developing, co-ordinating and implementing business and corporate strategies for the approval of the Board
- Implementing the policies and decisions of the Board
- Overseeing the day-to-day operations of the Group
- To participate in various management committees or working committees for the effective discharge of duties and functions

The Board monitors the performance of Management on a regular basis vide insertion of relevant agenda item in the Board Meetings and/or Board Committees Meetings.

Relevant member(s) of the Senior Management Team will be invited to attend the Board and/or Board Committees Meetings to advise and update the Board and/or Board Committees with information, reports, clarifications on the relevant agenda items to be tabled to the Board and/or Board Committees, to enable the Board and/or Board Committees to keep abreast of the latest business activities and development of the Group.

As a matter of protocol, the Executive Directors will table an Operation Report on the TWM division and operation updates for JAG Nasmec Sdn. Bhd. at every Board Meeting for the Board’s notation.

The Executive Directors are required to brief the Board on the operational performance of the Group which includes key strategic initiatives, significant operational issues and challenges faced by the Management, on a quarterly basis.

Meanwhile, the Financial Controller and Finance Manager are required to present a report on the financial performance of the Group on a quarterly basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

1. Duties and responsibilities of the Board *cont'd*

(d) Framework for Internal Controls and Risk Management

The Board has a risk management framework of the Group established to facilitate proper conduct of the Group's businesses and has established key control processes to ensure that there is a sound framework of reporting on internal controls and regulatory compliance.

The key features of the risk management framework and internal control system of the Group are disclosed in the ***Statement on Risk Management and Internal Control*** in this Annual Report.

(e) Identification of principal risks and implementation of appropriate internal control and mitigation measures

Mindful of its duties in terms of identification of principal risks as well as the need to institute risk management and internal control measures, the Company has adopted an Enterprise Risk Management ("ERM") Framework for its key principal subsidiary, JMI, to manage its risk and opportunities.

The AC assists the Board on managing the risk exposure of the Group in order to achieve its business objective.

The Risk Management Working Group ("RMWG"), is responsible to perform risk identification, risk evaluation and make relevant recommendations for risk mitigation for the Group, reports directly to the AC on quarterly basis. The RMWG monitors the movement of the risk ratings and alert the AC whenever there is new risk spotted on their radar.

(f) Succession Planning and Continuing Development

The Board, through the NC, is responsible for the succession planning of the Directors of the Company and Group.

The Board has adopted the Succession Planning Policy for the Group and Emergency Succession Contingency Plan for the Senior Management Team of the Group to ensure the Group's continuity in leadership for all key positions.

The Emergency Succession Contingency Plan spelt out on the respective successors, who possess adequate level of skills and experience, for different divisions within the Group in the absence of the members of the Senior Management Team.

The Senior Management personnel are required to attend continuing development programmes to ensure that they are equipped with necessary skills and knowledge which are relevant to perform their work.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

1. Duties and responsibilities of the Board *cont'd*

(g) Procedures for Effective Communication with Stakeholders

The Board is aware of commitment to enhance long term shareholders' value through regular communication with all its stakeholders.

In ensuring the effective communication with the Company's shareholders and stakeholders, the Corporate Disclosure Policy includes an Investor Relations ("IR") section which serves as a guide for the Board to oversee the development of an effective IR programme and strategy to communicate the Corporate vision and mission, strategies, development, financial plans and prospects to investors, the financial community and other stakeholders and accurately and to obtain feedback from the stakeholders.

(h) Integrity of Financial and Non-Financial Reporting

The Board ensures that shareholders are presented with a quality, clear, balanced, meaningful assessment of the Company's financial performance and prospects through the issuance of the audited financial statements and quarterly announcements of financial results and vide corporate announcements on significant development in accordance with the Listing Requirements on a timely basis and in compliance with the applicable financial reporting standards and corporate law.

2. Key Responsibilities of the Chairperson

Datin Stacey Tan is the Chairperson of the Company, and her key responsibilities as a Chairperson, include but not limited to the following:-

- (a) Demonstrates leadership for the Board in discharging its duties and responsibilities effectively.
- (b) Review and endorse the agenda of the Board Meeting prior to the issuance of the same to the other Directors, for each scheduled Board Meeting.

Ensures that the Notice of the Board Meeting is issued at least seven (7) days prior to the Meeting, unless consent by all Directors on the shorter notice.
- (c) Leads the conduct of the Board Meetings and initiates discussion within the Board.
- (d) Stimulates participation and sharing of views and ideas from different perspectives by the Directors and ensures all views will be taken into consideration during the decision making process by the Board.
- (e) Acts as the intermediary between the Board and the Management by coordinating smooth communication flow between both parties.
- (f) Chairs the general meetings of the Company and commits to answering the queries from the shareholders.
- (g) Communicates the views from the stakeholders to the Board as a whole, for consideration or improvement, if any.
- (h) Leads the Board to ensure compliance with all relevant laws and regulations, and to the best of their effort, promote and implement good governance practices within the organisation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

3. Separation of the positions of the Chairman and Chief Executive Officer

The Board recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority. At present, the Company does not have a Chief Executive Officer but Executive Directors.

In view of the two distinct operating divisions of the Group which require separate set of leadership and management skills, the Board has resolved to maintain Datin Stacey Tan, the Executive Director and Chairperson as the most senior executive to report to the Board, notwithstanding the non-adherence to the Practice 1.3 of the new MCCG but to the essential survival and business continuation of the Group.

The current arrangement is to provide strong leadership with the ability to marshal the Board's priorities objectively and to propel the Group to the next level while keeping a lean Board composition.

As the alternate practice, the Board undertakes the following effort to ensure there is a balance of power and authority on the Board:-

- (a) The composition of the Board consists of 60% of Independent Non-Executive Directors ("INEDs"), whom, collectively, have the weightage in terms of Board's decision making and are free to exercise their independent judgement or act in the best interests of the Company, and to safeguard the interest of the minority shareholders.
- (b) The decision of the Board shall always be agreed upon by at least majority of the Directors present at the Meeting, therefore, no individual Director can dominate the decision-making of the Board.
- (c) A clear division of responsibilities for the role of Chairperson of the Board has been outlined in the Board Charter, which are distinct and separate from Datin Stacey Tan's roles and responsibilities as Executive Director/Head of IT Services Division, through the separate employment contract.

4. Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries as follows:-

- Ms. Chua Siew Chuan, FCIS
- Mr. Cheng Chia Ping, ACIS

Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as company secretary under Section 235(2) of the CA 2016. Further details on the qualifications and experiences of the Company Secretaries are outlined in the **CG Report 2017**, which are available for viewing on the Company's corporate website at www.jagb.com.my.

For FYE 2017, the Company Secretaries had attended the relevant continuous professional development programmes as required by MAICSA for practising company secretaries. Both the Company Secretaries possessed a valid Practising Certificate issued by MAICSA for FYE 2017.

All Directors have unrestricted access to the advice and support of the company secretaries in relation to Board policies and procedures, compliance of applicable rules and regulations by the Group and corporate governance related practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

4. Company Secretaries *cont'd*

The main roles and responsibilities of the Company Secretaries, include but not limited to the following:-

- (a) Co-ordinate with Management on the logistics of all Board and Committee Meetings, attend the Board and Committee Meetings and record the Minutes of the Meetings accordingly.
- (b) Ensure timely communication of the decision of the Board or Committee to be conveyed to the relevant parties and whether any follow-up actions are required.
- (c) Advise the Board on its roles and responsibilities, particularly the additional or changes in obligations arising from the implementation of the new laws and regulations or any amendments thereof.
- (d) Provide advisory assistance to the new Director(s) appointed to the Board.
- (e) Identify relevant training and development programmes for the Directors, based on the training needs determined by the NC for the particular financial year.
- (f) Advise the Board on the requirements of corporate disclosures in accordance with the ACE LR for various corporate proposal, as well as compliance with the ACE LR, Capital Market and Services Act 2007 and the new Companies Act 2016.
- (g) Ensure that all the proceedings of the general meetings are in order and the general meetings are properly called and convened, record the Minutes of the general meetings, as well as the discussion during the Questions and Answers session.
- (h) Identify the corporate governance initiatives which are applicable to the Group and highlight the same to the Board for consideration. Monitor the corporate governance practices, by proposing relevant agenda items to be included as recurring meeting agenda.
- (i) Advise the Board on corporate governance related matters.
- (j) Facilitate the conduct of the assessments to be undertaken by the Board and/or Board Committees as well as to compile the results of the assessments for the Board and/or Board Committee's review.

For FYE 2017, the Board is satisfied with the performance and support rendered the Company Secretaries to the Board in discharging its functions.

5. Timely circulation of meeting materials

The Board fixes the forthcoming year annual meeting schedule by the end of every year. The annual meeting schedule, as soon as it has been confirmed by the Board, will be disseminated to the Management, for planning of work schedule a year ahead.

The Notice of the scheduled Board Meeting is served to the Directors at least seven (7) days prior to the Board Meeting. Unless there is exceptional case for convening of Special Meeting of the Board to address emergency issue, shorter notice is allowed with the consent of all Directors.

For FYE 2017, the Board papers were circulated to the Directors at least three (3) days in electronic form via e-mail prior to the Board Meeting, to allow ample time for Directors to consider the relevant information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

5. Timely circulation of meeting materials *cont'd*

The Board strive to circulate the Board papers at least five (5) business days in advance of the meeting day in the financial year ending 31 December 2018.

A comprehensive meeting papers comprising background, matters arising, research, analysis, findings/updates, results, presentations, recommendations and any other relevant information is prepared and circulated in advance to enable the Board to make considerations, deliberations and decisions.

Subsequent to the Board Meeting, the Minutes will be circulated to the Board for confirmation to ensure that deliberations and decisions of the Board are accurately recorded.

The Company Secretaries would ensure that a statement of declaration of interest or abstention from voting and deliberation is recorded in the Minutes.

The Chairman of the Board Meeting signs the minutes as a correct record of the proceedings and thereafter, the said minutes of all proceedings are kept in the statutory book at the registered office of the Company to be made available for inspection under the CA 2016.

Intended Outcome 2.0

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.

6. Board Charter

In compliance with Practice 2.1 of the new MCCG, the Board has a Board Charter outlining the authority, responsibilities, membership and operation of the Board of the Group's, adopting principles of good corporate governance and practice, in accordance with applicable laws in Malaysia. The Board Charter entails, inter alia, the following main items:-

- Role of Board;
- Relationship with Management;
- Responsibilities of the Board;
- Matters reserved for the Board; and
- Structure of the Board.

The Board Charter is applicable to all Directors of the Company and, amongst other things, provides that all Directors must avoid conflicts of interest between their private financial activities and their part in the conduct of company business.

The Board Committees in performing their responsibilities delegated by the Board would be guided by the Terms of Reference of each of the Committees as approved by the Board.

The Board Charter is to be regularly reviewed by the Board as and when required.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

6. Board Charter *cont'd*

Appointment of Senior Independent Non-Executive Director

As guided by Guidance 2.1 of the new MCCG where the Board appoints a Senior Independent Director (“SID”), the role of SID should be explained in the Board Charter, which includes, amongst others, the SID acting as:-

- A sounding board for the Executive Chairperson;
- An intermediary for other Directors when necessary; and
- The point of contact for shareholders and other stakeholders.

With the recent re-designation of Mr. Ewe Chuan Seng as the Senior Independent Non-Executive Director on 23 February 2018, the Board Charter has been reviewed and updated to be in line with the abovementioned Guidance.

The updated Board Charter is available for viewing under the “Investors” section of the Company’s corporate website at www.jagb.com.my.

Intended Outcome 3.0

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.

7. Code of Ethics and Conduct

In compliance with Practice 3.1 of the new MCCG, the Board has established a Code of Ethics and Conduct (“**the Code**”) in order to maintain the highest level of integrity and ethical conduct of the Board, Management and employees of the Group and to provide guidance to ensure that upholding the ethical conduct in the Board and/or employees daily work.

The Code sets forth the values, expectations and standards of business ethics and conduct to guide the Board, the Management and employees of the Group.

The guiding principles of the Code are as follow:-

- (i) Show respect in the workplace:-
 - Equal Opportunity
 - Anti-Harassment
 - Human Rights
 - Ensuring Workplace Health and Safety
 - Protection of Privacy
 - Use of Company’s Assets with Due Care
 - Leading by Example
 - Continuous Training and Development

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

7. Code of Ethics and Conduct *cont'd*

- (ii) Act with integrity in the marketplace:-
 - Ensuring Products' Quality, Safety and Reliability
 - Responsible Sales and Marketing Practices
 - JAG's Customers
 - JAG's Suppliers
 - Community Involvement
 - Environmental-Friendly Practices
- (iii) Ensure ethics in business relationships:-
 - Conflict of Interest
 - Anti-Corruption
 - Anti-Money Laundering
 - Insider Trading
- (iv) Ensure effective communication:-
 - Corporate Disclosure
 - Spokesman
 - Whistleblowing

The Code will be reviewed on biennially basis and the last review was on 22 November 2017.

Handling of Reported Allegation(s)

The AC is responsible for the interpretation and supervision of the enforcement of the Code. The action to be taken by the Group in response to a report of concern under the Code will depend on the nature of the concern. The AC upon receiving the information on each report of concern shall ensure that follow-up actions be taken accordingly.

The Code is available for viewing under the "Investors" section of the Company's corporate website at www.jagb.com.my.

8. Whistleblowing Procedures

In view of the Group's scale of operations, the Board has yet to adopt a full-fledged whistleblowing policy, although a brief policy and procedure have been outlined in the Code.

The Board recognises whistleblowing as a specific means by which an employee/officer or stakeholder can reports or discloses through established channels, the concerns about any violations of the Code, unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place/ has taken place/may take place in the future.

The AC has been tasked with the review of whistleblowing reports either made through the Company following established communication and feedback channels or through any other means.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

8. Whistleblowing Procedures *cont'd*

Anyone with genuine concerns in relation to unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements may forward his report to the designated persons as provided below (where applicable):-

For matters relating to financial reporting, unethical or illegal conduct, one can report directly to the following designated persons:-

AC Chairman

Mr. Roy Thean Chong Yew at email address: rthean@hotmail.com

For employment-related concerns, one can report directly to the following designated persons:-

(1) Executive Director (IT Services Division)

Datin Stacey Tan at email address: stacey@jagb.com.my

(2) Executive Director (TWM Division)

Dato' Ng Meow Giak at email address: nigel@jaringmetal.com

(3) Head of Human Resources

Mr. Ng Yaw Long at email address: tony@jaringmetal.com

For any concerns from the shareholders/stakeholders, one can email to the following designated Director:-

Senior Independent Non-Executive Director

Mr. Ewe Chuan Seng at email address: ewealbert@gmail.com

For FYE 2017, none of the designated persons have received any report or concerns vide the abovementioned communication and feedback channels.

The Board would consider to formalise the establishment of a full-fledged Whistleblowing Policy in the financial year ending 31 December 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION

Intended Outcome 4.0

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

1. Size and Composition of the Board

For FYE 2017, the Board comprises five (5) members, three (3) of whom are Independent Non-Executive Directors (“INEDs”) and two (2) are the Executive Directors and is compliance with the Rule 15.02(1) of the ACE LR and Practice 4.1 of the MCCG is applied.

The role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors and Management are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

The current Board structure ensures that no individual or group of individuals dominates the Board’s decision-making process. The composition of the Board provides an effective blend of entrepreneurship, business and professional expertise in general management, finance, corporate affairs, legal and technical areas of the industry in which the Group operates. The individuality and vast experience of the Directors in arriving at collective decisions at board level will ensure impartiality.

2. Tenure of Independent Directors

The NC assessed the independence of the INEDs and monitors their tenure annually.

None of the Independent Directors has exceeded the tenure of a cumulative term of nine (9) years in the Company as at 31 December 2017.

However, the Board observes the Practice 4.1 of the new MCCG, that upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director or if the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders’ approval.

3. Procedures for Appointment of Directors and Senior Management

The NC is responsible to identify and select potential new Directors and to make recommendations to the Board for the appointment of Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

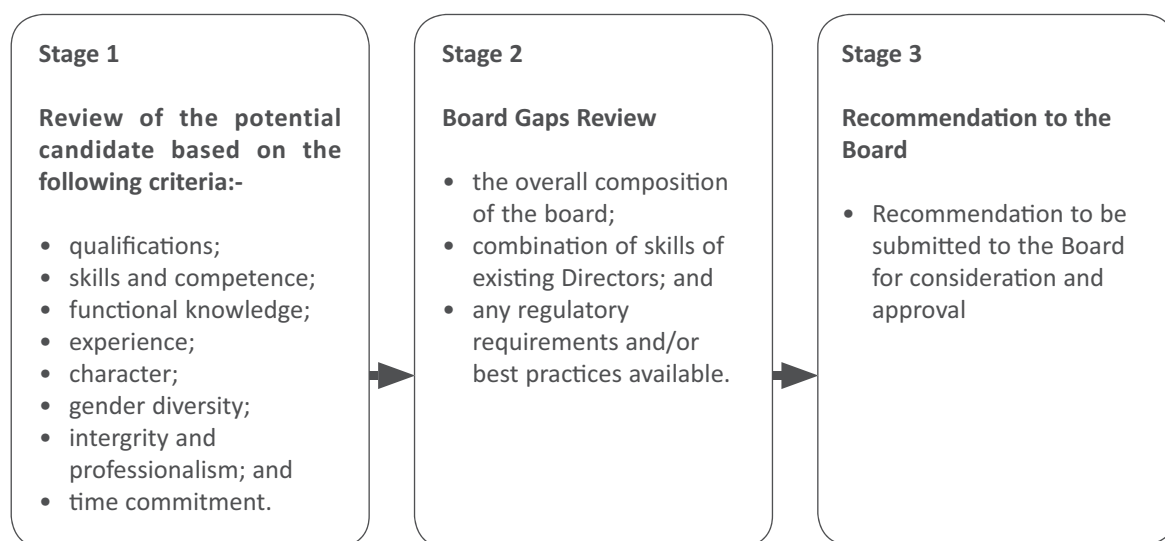
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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

3. Procedures for Appointment of Directors and Senior Management *cont'd*

The NC has adopted the following protocol for appointment of Directors in order to ensure that the Board has the right mix and skill to meet its needs and objectives:-



The Group Human Resources Function is responsible for selection and appointment of candidates for senior management position based on selection criteria which best matches the requirements of the open position. The selection criteria includes (but not limited to) diversity in skills, experience, age, cultural background and gender.

During FYE 2017, the Board, has taken into account of the assessment by the NC, is satisfied with the mix of skills and board composition level, therefore, no new Director is sourced and appointed to the Board. There were no new key senior management personnel being appointed to the Company and the Group during FYE 2017.

In the event that candidate is required for the appointment of Director, the NC would use variety of approaches and sources to ensure that it identifies the most suitable candidates and will not limit themselves by solely rely on the recommendations from existing Board members, management or major shareholders.

4. Boardroom Diversity

The Board affirms its commitment to boardroom diversity as a truly diversified Board can enhance the Board's effectiveness and capacity with diversity of thoughts and perspectives.

Bearing in mind that an appointment to the Board is a long term commitment to the Company, the Board has not set any short term target or measure for boardroom diversity but nevertheless works to ensure that there is no discrimination on the basis of, but not limited to, ethnicity, race, age, gender, nationality, political affiliation, religious affiliation, sexual orientation, marital status, education, physical ability or geographic region, during the recruitment of new Board members.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

4. Boardroom Diversity *cont'd*

Despite the Board not having any formalised Board Diversity Policy or Gender Diversity Policy, the Board has indicated its commitment to boardroom diversity by the following appointments:-

Ethnicity Diversity

Datuk Md. Hassim, an INED of Malay ethnicity, has been elected as the Chairman of the RC, while also serving as a member of the AC, NC and RMC.

Age Diversity

The Board believes that the Directors with diverse age profile will be able to provide a different perspective and bring vibrancy to the Group's strategy making process.

The age profile of the Directors were ranging from forties to sixties years of age, which underlies the Board's commitment to age diversity at the Board level appointment.

Gender Diversity

Datin Stacey Tan, a female Executive Director, has been elected as the Chairperson to lead the Board.

For FYE 2017, the Board comprises one (1) female Director, equivalent to 20% women representation on Board.

At the juncture, the Board affirmed that in the event any Board seat becomes available, gender diversity shall be one of the criteria to be considered by the NC during their evaluation process on potential candidate(s) for Board's membership.

5. Board Committees

The Board has delegated certain responsibilities to the Board Committees to assist it in discharging its fiduciary duties. All the Board Committees operate within clearly defined Terms of Reference.

- **NC**

The NC is chaired by Mr. Ewe Chuan Seng, an INED, who has subsequently been re-designated as a Senior INED on 23 February 2018.

For the FYE 2017, the NC comprises exclusively of INEDs and the composition of the NC is as follows:-

Name	Designation	Directorate
Ewe Chuan Seng	Chairman	INED (Subsequently re-designated as a Senior INED on 23 February 2018)
Roy Thean Chong Yew	Member	INED
Datuk Md. Hassim Bin Pardi	Member	INED

The NC is governed by its Terms of Reference of NC which outlines its remit, duties and responsibilities and the same is available for viewing under the "Investors" section of the Company's corporate website at www.jagb.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

5. Board Committees *cont'd*

- **NC** *cont'd*

a) **Summary of Works**

The following works were undertaken by the NC during FYE 2017:-

- Reviewed and confirmed the Minutes of the NC Meeting held in year 2016;
- Examined the composition of the Board;
- Reviewed the required mix of skills, experience and other qualities of the Board;
- Evaluated the contribution and performance of each individual Director;
- Conducted evaluation to assess the effectiveness of the Board as a whole and the Board Committees;
- Reviewed the term of office of the AC and assessed its effectiveness as a whole;
- Reviewed the training programmes attended by the Directors in year 2016 and identified the training needs of the Directors for FYE 2017;
- Reviewed the independence of the INEDs and assessed their ability to bring independent and objective judgement to Board deliberations and proposals.
- Assessed the suitability for the re-election of the Directors who will be retiring at the 19th Annual General Meeting of the Company and recommended the same to the Board for approval; and
- Reviewed the meeting attendance of the Board and Board Committees in year 2016.

b) **Time Commitment by Directors**

The NC has been tasked to review the meeting attendance of the Board and Board Committees.

The meeting attendance of the Board and Board Committees during FYE 2017 is as follows:-

Board of Directors' Meeting

Name of Directors	Number of Board of Directors' Meetings Attended/Held (during FYE 2017)	%
Datin Stacey Tan Siew Ching (Chairperson)	6/6	100.00
Dato' Ng Meow Giak	5/6	83.33
Mr. Roy Thean Chong Yew	6/6	100.00
Datuk Md. Hassim Bin Pardi	6/6	100.00
Mr. Ewe Chuan Seng	4/6	66.67

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

5. Board Committees *cont'd*

- *NC cont'd*

b) Time Commitment by Directors *cont'd*

NC Meeting

Name of Directors	Number of NC Meeting Attended/Held (during FYE 2017)	%
Mr. Ewe Chuan Seng (Chairman)	0/1	0.00
Mr. Roy Thean Chong Yew	1/1	100.00
Datuk Md. Hassim Bin Pardi	1/1	100.00

RC Meeting

Name of Directors	Number of RC Meeting Attended/Held (during FYE 2017)	%
Datuk Md. Hassim Bin Pardi (Chairman)	1/1	100.00
Mr. Roy Thean Chong Yew	1/1	100.00
Mr. Ewe Chuan Seng	0/1	0.00

The attendance of AC Meetings held during FYE 2017 is stated in the *AC Report* in this Annual Report.

Upon review, the NC noted the Directors, to the best of their ability, have devoted sufficient time and effort to attend Board and/or Board Committee Meetings for the FYE 2017.

c) Continuing Education and Training of Directors

In order for the Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges of the Board.

The Board has cultivated the following best practices:-

- All newly appointed Directors are required to attend the Mandatory Accreditation Programme as prescribed by the Listing Requirements within the stipulated timeframe;
- All Directors are encouraged to attend talks, training programmes and seminars to update their knowledge on the latest regulatory and business environment;
- The Directors may be requested to attend additional training courses according to their individual needs as a Director or member of Board Committees on which they serve; and
- The Directors are briefed by the company secretaries on the letters issued by Bursa Securities at every Board Meeting.

All members of the Board have attended the Mandatory Accreditation Programme prescribed by Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

5. Board Committees *cont'd*

- **NC** *cont'd*

c) **Continuing Education and Training of Directors** *cont'd*

Based on the training needs identified by the NC for the Directors for FYE 2017, the Directors had participated in the following training programmes:-

Dates	Description of Training Programmes
Datin Stacey Tan Siew Ching	
04/09/2017	Key Insights & Implications for Boardroom Matters
11/09/2017 & 12/09/2017	Finance for Non-Finance Managers
Mr. Roy Thean Chong Yew	
10/04/2017	MIA 50th Anniversary Commemorative Lecture – Integrity : The Game Changer
11/04/2017	Companies Act 2016
12/05/2017	Joining the Dots: Good decision making in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World
04/07/2017	Key Disclosure Obligations of a Listed Company
04/08/2017	MCCG - Dealing With Issues & Expectations on Audit Committee
04/09/2017	Game-Changers Under Companies Act 2016 : Key Insights and Implications for Boardroom Matters
03/10/2017	Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers
14/11/2017	Conversation with Audit Committees
Dato' Ng Meow Giak	
03/10/2017	Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers
13/10/2017	Leading In A Volatile, Uncertain, Complex, Ambiguous (VUCA) World
Datuk Md. Hassim Bin Pardi	
23/05/2017	Driving Financial Integrity & Performance-Enhancing Financial Literacy
13/10/2017	Leading In A Volatile, Uncertain, Complex, Ambiguous (VUCA) World
Mr. Ewe Chuan Seng	
23/05/2017	Driving Financial Integrity & Performance-Enhancing Financial Literacy
03/11/2017	Lawyers and Other Professionals: The Next Target for IRB Audits - Are You Prepared?

In addition, the Company Secretaries and External Auditors update the Board on a regular basis the respective changes and amendments to regulatory requirements and laws and accounting standards to help Directors keep abreast of such developments.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

5. Board Committees *cont'd*

- **NC** *cont'd*

- c) **Continuing Education and Training of Directors** *cont'd*

Upon review, the NC concluded that the directors' trainings during FYE 2017 were adequate.

2018 Training Needs

The NC has encouraged the Directors to attend more than one (1) continuing education programme in year 2018, whereby it should be in relation to the Listing Requirements, Companies Act 2016 or corporate governance related topics.

- **RC**

The membership of the RC and summary of the works carried out by the RC to discharge their duties during the FYE 2017 are stated in **Principle A, Section II Paragraph (9)** of this Statement.

- **AC**

The membership, a summary of the activities of the AC and Internal Audit Function and Activities in respect of the FYE 2017 are stated in the *AC Report* of this Annual Report.

- **RMC**

The membership of the RMC and their principal duties and responsibilities are stated in the **Statement on Risk Management and Internal Control** of this Annual Report.

- **Share Issuance Scheme Option Committee ("SIS Option Committee")**

The SIS Option Committee is formed to administer the share issuance scheme established by the Company with effect from 1 July 2015.

The composition of the SIS Option Committee is as follows:-

Name	Position	Office Designation
Dato' Ng Meow Giak	Chairman	Executive Director
Goh Chee Hong	Member	Finance Manager
Mohd Zarieth Bin Adenan	Member	Human Resource Manager

The duties that discharged by SIS Option Committee during FYE 2017 are as follows:-

- (i) Reported to the AC at every quarterly AC meeting whether there is any offer of SIS Options to the eligible persons.
- (ii) Made adjustments to the option price and number of the outstanding SIS Options, arising from the bonus issue of shares undertake by the Company on 26 October 2017.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

Intended Outcome 5.0

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

6. Annual Assessment on Effectiveness of Board and Individual Directors

In compliance with Practice 5.1 of the new MCCG, the Board has delegated to the NC to carry out annual assessment on effectiveness of the Board, its Committees and each individual Director.

In FYE 2017, the Board, through the NC, has conducted the following annual assessments to determine the effectiveness of the Board, its Committees and each individual Director in respect of the FYE 2016:-

(i) Directors' self and peers performance evaluation

The evaluation forms were circulated to each and every Director for completion. The Directors are required to assess his/her own performance, as well as the performance of his/her peers based on the questionnaire provided. The evaluation results were compiled by the company secretaries and tabulated at the NC Meeting held in February 2017, for the NC's review.

In conducting the evaluation, the NC had assessed the performance of each individual Director based on the following main criteria:-

- (i) Fit and proper;
- (ii) Contribution and performance; and
- (iii) Calibre and personality.

Based on the outcome of the evaluation conducted in year 2017, the NC has suggested area of improvement for the Directors, particularly to enhance skillset by attending trainings in order to contribute positively to the Board.

In overall, the NC is satisfied with the performance of the individual Directors for FYE 2016.

(ii) Evaluation on the effectiveness of the Board and Committees

The evaluation forms were completed by the members of the NC on individual basis. The evaluation results were compiled by the company secretaries and tabulated at the NC Meeting held in February 2017, for the NC's review.

In conducting the evaluation, the NC had assessed the performance and effectiveness of the Board and the Committees based on the following main criteria:-

Board as a whole

- (i) Board mix and composition;
- (ii) Quality of information and decision making;
- (iii) Boardroom Activities;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

6. Annual Assessment on Effectiveness of Board and Individual Directors *cont'd*

(ii) Evaluation on the effectiveness of the Board and Committees *cont'd*

Board Committees' Performance

- (i) Mix and composition;
- (ii) Roles and responsibilities;
- (iii) Contribution to Board's decision making; and
- (iv) Communication.

The NC is satisfied with the effectiveness of the Board and the Committees for FYE 2016.

7. Annual Assessment on Independence of Directors

The Board, through the NC, carried out an annual assessment of the independence of the INEDs during FYE 2017.

The criteria used in assessing the independence of the INEDs are based on the definition in Rule 1.01 of the Listing Requirements and whether the INEDs are able to provide objective and independent views on various issues dealt with at Board and Board Committee level.

The NC has received assurance from the following INEDs vide their Letters of Declaration, confirming their independence and have undertaken to inform the Company immediately should there be any change which could interfere with the exercise of their independent judgement or ability to act in the best interest of the Company:-

- Mr. Roy Thean Chong Yew
- Datuk Md. Hassim Bin Pardi
- Mr. Ewe Chuan Seng

Based on the outcome of the abovementioned assessment conducted by the NC, the Board is satisfied with the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

The Board considers that its Independent Directors provide objective and independent views on various issues dealt with at the Board and Board Committee level. All INEDs 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

8. Assessment on Retiring Directors

The NC is responsible for making recommendation to the Board on the eligibility of the Directors to stand for re-election at the AGM.

During FYE 2017, the NC had conducted assessment on Dato' Ng Meow Giak and Mr. Roy Thean Chong Yew who shall retire at the 19th AGM of the Company pursuant to Article 67 of the Articles of Association ("**the Retiring Directors**"), based on the following criteria:-

- Character
- Experience
- Integrity and professionalism
- Time commitment to discharge his roles
- Results from evaluation of individual director performance
- Supply of relevant and timely information to the Board
- Conduct of Board meetings & Contribution to the Board
- Adequacy of functional knowledge (*for Executive Directors*)
- Satisfactory independence test (*for INEDs*)

Upon review, the NC is satisfied with the performance of the Retiring Directors and recommended to the Board on their re-election at the 19th AGM. Both the Retiring Directors have been re-elected by the shareholders at the 19th AGM.

Intended Outcome 6.0

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.

9. Remuneration Committee

The members of the RC comprises exclusively of INEDs and the composition of the RC is as follows:-

Name	Designation	Directorate
Datuk Md. Hassim Bin Pardi	Chairman	INED
Ewe Chuan Seng	Member	INED (<i>Subsequently re-designated as a Senior INED on 23 February 2018</i>)
Roy Thean Chong Yew	Member	INED

The RC is governed by its Terms of Reference of RC which outlines its remit, duties and responsibilities and the same is available for viewing under the "Investors" section of the Company's corporate website at www.jagb.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

9. Remuneration Committee *cont'd*

Summary of Works

The following works were undertaken by the RC during the financial year under review:-

- (i) Reviewed and confirmed the Minutes of the RC Meeting held in year 2016;
- (ii) Deliberated on the remuneration packages of the Executive Directors for FYE 2017 and recommended the same to the Board for approval;
- (iii) Reviewed the Directors' fees for the FYE 2016 and FYE 2017 and recommended the same to the Board for consideration;
- (iv) Reviewed the benefits payable to the Directors of the Company and its subsidiaries for the period from 1 February 2017 to the 20th AGM of the Company and recommended the estimated quantum to the Board for consideration; and
- (v) Reviewed the meeting allowances of the Directors of the Company for the FYE 2017 and recommended the same to the Board for approval.

10. Directors' Remuneration Policy

In compliance with Practice 6.1 of the new MCCG, the Board has adopted a Directors' Remuneration Policy which sets out the criteria to be used in recommending the remuneration package of Executive Directors and senior management, and designed to ensure that the Directors and senior management are paid a remuneration commensurate with the responsibilities of their positions.

The RC, when recommending the remuneration package of the Executive Directors and senior management, shall be guided by the main components and procedures provided in the Directors' Remuneration Policy.

A copy of this Policy is available for viewing under the "Investor" section of the Company's corporate website at www.jagb.com.my.

It is the existing practice of the Company that all the Directors to abstain from deliberation and voting on fixing their remuneration package or Directors' fee.

The Company would adopt the practice for the Directors who are also a shareholder of the Company to abstain from voting at the general meetings to approve their Directors' fee from the financial year ending 31 December 2018 onwards.

Intended Outcome 7.0

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.

11. Remuneration of Directors

In compliance with Practice 7.1 of the new MCCG, there is detailed disclosure on named basis for the remuneration of individual Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

11. Remuneration of Directors *cont'd*

For the FYE 2017, the aggregate of remuneration received and receivable by the Executive Directors and Non-Executive Directors of the Company and the Group categorised into appropriate components are as follows:-

Received from the Company

Name of Director	Salaries RM	Fees RM	Benefits- in-kind RM	Others RM	Total RM
Executive Directors					
Datin Stacey Tan Siew Ching	-	-	-	-	-
Dato' Ng Meow Giak	-	-	-	-	-
Total	-	-	-	-	-
Non-Executive Directors					
Datuk Hassim Bin Pardi	-	36,000	-	9,000	45,000
Ewe Chuan Seng	-	36,000	-	6,000	42,000
Roy Thean Chong Yew	-	43,200	-	9,000	52,200
Total	-	115,200	-	24,000	139,200

Received on Group Basis

Name of Director	Salaries RM	Fees RM	Benefits- in-kind RM	Others RM	Total RM
Executive Directors					
Datin Stacey Tan Siew Ching	443,720	-	31,150	11,000	485,870
Dato' Ng Meow Giak	442,400	-	35,200	-	477,600
Total	886,120	-	66,350	11,000	963,470
Non-Executive Directors					
Datuk Hassim Bin Pardi	-	36,000	-	9,000	45,000
Ewe Chuan Seng	-	36,000	-	6,000	42,000
Roy Thean Chong Yew	-	43,200	-	9,000	52,200
Total	-	115,200	-	24,000	139,200

Note: Salary includes bonus and EPF

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

12. Remuneration of top five (5) senior management

The top five (5) senior management includes two (2) Executive Directors of the Company (of which their detailed remuneration has been disclosed under Principle A, Section II Paragraph (11) of this Statement):-

Range of remuneration	Number of Top Five (5) Senior Management
RM200,000 – RM250,000	1
RM250,001 – RM300,000	-
RM300,001 – RM350,000	-
RM350,001 – RM400,000	-
RM400,001 – RM450,000	1
RM450,001 – RM500,000	3
Total	5

Whilst for the remaining senior management, the Board is of that view that such disclosure would have adverse effect on the Company's talent retention in the competitive industry. All senior management are remunerated based on their scope of duty and responsibilities, the Group's and individual performance and other criteria as guided by the Directors' Remuneration Policy.

The RC had at its meeting held on 23 February 2018, reviewed and assessed the remuneration package of the top five (5) senior management in respect of the FYE 2017.

The RC is of the view that the level of remuneration package of the top five (5) senior management in respect of FYE 2017 is fair and reasonable to retain and reward the talents.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Intended Outcome 8.0

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.

1. Separation of the positions of the chair of the AC and Board

In compliance with Practice 8.1 of the new MCGG, the AC is chaired by Mr. Roy Thean Chong Yew, which is a separate person from the chair of the Board.

The membership, a summary of the activities of the AC and Internal Audit Function and Activities in respect of FYE 2017 are stated in the *AC Report* of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

I. AUDIT COMMITTEE *cont'd*

2. No appointment of former key audit partners as member of AC

In compliance with Practice 8.2 of the new MCCG, the AC has institute a policy by way of inclusion in the Terms of Reference of the AC that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. The Terms of Reference of the AC has been updated accordingly in order for the AC to formalise such policy.

As a matter of practice, the AC has recommended to the NC not to consider any key audit partner as a potential candidate for Board Directorship/Audit Committeeship to affirm the AC's stand on such policy.

3. Assessment on external auditors

In compliance with Practice 8.3 of the new MCCG, the AC has policies and procedures to assess the suitability, objectivity and independence of external auditors and that such assessment would be carried out annually. The outcome of the assessment would form a basis for the AC in making recommendation to the Board on the re-appointment of the external auditors for the ensuing year at the AGM.

During FYE 2017, the AC has carried out the annual assessment and in its assessment, the AC considered, inter alia, the following factors:-

For "*suitability*" assessment:-

- The external auditors have the adequate resources, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with approved professional auditing standards and applicable regulatory and legal requirements;
- To the knowledge of the AC, the external auditors do not have any record of disciplinary actions taken against them for unprofessional conduct by the Malaysian Institute of Accountants ("MIA") which has not been reserved by the Disciplinary Board of MIA;
- The external auditors firm has the geographical coverage required to audit the Group;
- The external auditors firm advises the AC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis;
- The external auditors firm consistently meets the deadlines set by the Group;
- The level of quality control procedures in the external audit firm, including the audit review procedures; and
- The external auditors' scope is adequate to cover the key financial and operational risks of the Group.

For "*objectivity*" assessment:-

- The nature and extent of the non-audit services rendered and the appropriateness of the level of fees.

For "*independence*" assessment:-

- The engagement partner has not served for a continuous period of more than five (5) years with the Company;
- The AC receives written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
- Tenure of the current auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

I. AUDIT COMMITTEE *cont'd*

3. Assessment on external auditors *cont'd*

The AC noted for the FYE 2017, Messrs. Russell Bedford LC & Company, the external auditors of the Company confirmed in writing that the engagement quality control reviewer and members of the engagement team in the course of their audits were and had been independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements.

Upon completion of its assessment, the AC was satisfied with Messrs. Russell Bedford LC & Company's technical competency i.e. suitability and independence during the financial year under review and recommended to the Board the re-appointment of Messrs. Russell Bedford LC & Company as external auditors for the financial year ending 31 December 2018. The Board has in turn, has recommended the same for shareholders' approval at the forthcoming 20th AGM of the Company.

4. Skillsets of AC

The AC conducts self and peer evaluation annually to assess the performance and skillsets of the individual AC members and their peers.

During FYE 2017, the AC members had completed the assessment on individual basis and the results were compiled by the company secretaries and tabled for the AC's review.

Based on the results of the assessment, the AC members are financially literate and understand the Group's business. The AC as a whole, has necessary skills and knowledge to discharge their duties. The AC members had also given feedback to their peers on areas of focus for enhancement.

The members of the AC have attended various continuous trainings and development programmes as detailed in Principle A, Section II Paragraph (5)(c) in this Statement.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Intended Outcome 9.0

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.

1. Risk Management and Internal Control Framework

In compliance with Practice 9.1 of the new MCGG, the Board has established a framework for risk management and internal control. Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework have been disclosed in the **Statement of Risk Management and Internal Control** of this Annual Report.

During FYE 2017, both the risk management and internal control functions were assumed and overseen by the AC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK *cont'd*

1. Risk Management and Internal Control Framework *cont'd*

Risk Management

The Risk Management Working Group (“**RMWG**”) is responsible for implementing processes in identifying, evaluating, monitoring and reporting of risks and internal controls which arise from daily business activities of the Group. The risk profile covering risk assessment, classification and risk ranking followed by action plans taken to mitigate the risks identified are then presented to the AC for review on a quarterly basis. The RMWG together with the operating units ensure timely resolution of outstanding issues and implementation of action plans that are to be carried out and completed within the reasonable timeframe to mitigate the risks level.

Risk Management Committee

Subsequently in February 2018, the Board has formed a RMC to oversee the company’s risk management framework and policies, which would subsequently take over the duties in relation to oversight of risk management function, previously assumed by the AC. The RMWG will now report directly to RMC, instead of AC.

In adopting the Step-Up Practice 9.3 of the new MCCG, the composition of RMC comprises a majority of Independent Directors, to oversee the company’s risk management framework and policies.

The memberships of the RMWG and RMC are stated in the **Statement on Risk Management and Internal Control** of this Annual Report.

Internal Controls

The internal controls are tested for effectiveness and efficiency four (4) cycles per financial year by an independent outsourced internal audit function following risk-based approaches. The report of the internal audit is tabled for the AC’s review and deliberations, and the audit findings will then be communicated to the Board.

For the FYE 2017, the Board opined that the risk management and internal controls of the Group were effective and adequate.

2. Key Features of Risk Management and Internal Control Framework

The **Statement on Risk Management and Internal Control** as set out in this Annual Report provides an overview of the state and features of risk management framework and internal control processes within the Group.

Intended Outcome 10.0

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK *cont'd*

3. Internal Audit Function

The internal audit function of the Group is carried out by an external service provider, Morison AAC Corporate Solutions Sdn. Bhd. The outsourced internal auditors report directly to the AC and provide the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.

The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.

The internal audit review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement.

The following matters (non-exhaustive), in relation to the internal audit function of the Group, are reserved matters for the AC:-

- (a) Consider the appointment of the internal auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person(s) as auditors.
- (b) Review the internal audit plan, consider the internal audit reports and findings of the internal auditors, fraud investigations and actions and steps taken by Management in response to audit findings.
- (c) Review any appraisal or assessment of the performance of members of the internal audit function.

During FYE 2017, the AC had reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced internal auditors for the FYE 2016 and that they have the necessary authority to carry out their work.

Further details of the Internal Audit Function have been disclosed under the *AC Report* of this Annual Report.

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

I. COMMUNICATION WITH STAKEHOLDERS

Intended Outcome 11.0

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

1. Communication with Stakeholders

In compliance with Practice 11.1 of the new MCGG, the Board has developed internal corporate disclosure practices to ensure effective communications to the investing public regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

I. COMMUNICATION WITH STAKEHOLDERS *cont'd*

1. Communication with Stakeholders *cont'd*

The Board has a Corporate Disclosure Policy in place to ensure only designated spokesmen will be authorised to disseminate information to ensure consistent and accurate flow of information disclosure to the stakeholders.

The Board has designated a limited number of spokespersons who responsible for communication with investment community, regulators and media.

Primary Spokesmen:-

- (i) Executive Chairperson; or failing which,
- (ii) Executive Director.

The Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follow:-

(a) Announcements to Bursa Securities

Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities.

Shareholders and Investors can obtain the Company's latest announcements such as quarterly financial results in the dedicated website of Bursa Securities at www.bursamalaysia.com.my.

(b) Annual Reports

The Company's Annual Reports to the shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.

(c) AGM/General Meetings

The AGM/General Meetings which are used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company.

(d) Corporate Website

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

Leveraging on its expertise at the IT Services Division, the Company has created dedicated sections to ensure more effective dissemination of information:-

- A dedicated "*Investors*" section which provides all relevant information on the Company and is accessible by the public. It includes the announcements made by the Company, Annual Reports, terms of reference and corporate policies of the Company.
- A dedicated "*Press Centre*" section which provides access to the press releases made by the Company, for ease of reference by the shareholders.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

I. COMMUNICATION WITH STAKEHOLDERS cont'd

1. Communication with Stakeholders cont'd

(e) Investor Relations ("IR") activities

A summary of IR activities conducted for the FYE 2017 is listed below for information:-

Date	Topic of IR activities	Type of IR activities	Audience
3 January 2017	Waste management specialist to embark on maiden multi-phrase development in Klang	Press Release	Public
22 February 2017	JAG Soars with Commodity Prices	Press Conference	Public
16 August 2017	JAG Continued Positive Streak	Press Release	Public

II. CONDUCT OF GENERAL MEETINGS

Intended Outcome 12.0

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

(a) Notice of AGM

The Notice of the 19th AGM held in 2017 was issued more than 28 days prior to the meeting. This is to ensure that shareholders are given sufficient time to read and consider the resolutions to be resolved.

In addition to the explanatory notes to the special business as stated in the Notice of the 19th AGM, the Company took extra steps to also include explanatory notes to the ordinary business of the 19th AGM, facilitating full understanding and evaluation of issues involved in the proposed resolutions.

(b) Directors' Commitment

All the Directors were present at the 19th AGM of the Company held in 2017 to engage with the shareholders personally and proactively.

The proceedings of the AGM included the presentation of financial statements to the shareholders, and a question and answer session in which the Chairperson 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 Executive Directors ensure that sufficient opportunities are given to shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.

The Chairmen of the Board Committees are also readily available to address the questions posted by the shareholders at the general meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

II. CONDUCT OF GENERAL MEETINGS *cont'd*

(c) Voting Format

Poll Voting

In line with the ACE LR on the requirement for poll voting for any resolution set out in the notice of general meetings, during the 19th AGM held last year, the resolutions tabled at the 19th AGM were all voted by poll.

Electronic Poll Voting

Depending on the cost effectiveness, the Board will consider and explore the suitability and feasibility of adopting electronic poll voting in coming years to facilitate greater shareholders participation at general meeting.

Voting in absentia and Remote Shareholders' Participation at General Meeting(s)

Prior to implementing the voting in absentia and remote shareholders' participation at general meeting(s), the Board noted several factors/conditions need to be fulfilled prior to making such consideration:-

- Relevant amendments to the Articles of Association/Constitution of the Company to outline the procedures for enabling such voting/participation;
- Availability of technology and infrastructure;
- Affordability of the technology and infrastructure;
- Sufficient number of shareholders residing/locating at particular remote location(s); and
- Age profile of the shareholders.

In view thereof, the Board will not be recommending the adoption such voting/participation at the forthcoming AGM of the Company.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Looking ahead to financial year ending 2018 and 2019, the Board and its respective Board Committees will:-

- Focus on implementation of strategic plans that support long-term value creation;
- Keep abreast with corporate governance development;
- Promote good governance culture and practices within the Group;
- Instil risk awareness and good conduct conscious within the Group; and
- Promote workplace diversity within the Group.

CONCLUSION

The Board is satisfied that, it complies substantially with the Practices of the MCCG 2012 and New MCCG, respectively in their application period.

This CG Overview Statement and the CG Report are made in accordance with the resolution passed by the Directors at the Board of Directors' Meeting held on 13 April 2018.

CORPORATE RESPONSIBILITY STATEMENT

The Group believes that a firm commitment to Corporate Responsibility (“CR”) activities forms the basis of good corporate citizenship and upholds the highest level of corporate governance.

Aligned with the Group’s business strategy, we endeavour to manage our business in a socially responsible manner. We strive to look after the interests of our key stakeholders – from shareholders, investors, customers, suppliers to employees, as well as the community where we operate.

Bursa Securities has defined “Corporate Social Responsibility” (“CSR”) as “open and transparent business practices that are based on ethical values and respect for the community, employees, the environment and shareholders. It is designed to deliver sustainable value to society at large.”

Thus, the Group has adopted the Bursa Securities’ CSR Framework which was launched in 2006 as a set of guidelines for Malaysian public listed companies who wish to practice CSR. The Group’s CSR Framework covers the following four (4) areas:-

CSR FRAMEWORK

<p>Workplace</p> <ul style="list-style-type: none"> ✓ Training and development ✓ Workplace diversity ✓ Healthy and safe working environment ✓ Employees’ well being 	<p>Community</p> <ul style="list-style-type: none"> ✓ Contribution to selected bodies ✓ Participation in community services
<p>Environment</p> <ul style="list-style-type: none"> ✓ Reduce, Reuse and Recycling waste management programme 	<p>Marketplace</p> <ul style="list-style-type: none"> ✓ Whistleblowing ✓ Corporate disclosure practices ✓ Investor relations activities ✓ Dedicated sections at corporate website

A. WORKPLACE

With a constantly growing workforce and ever-evolving Information and Technology and Waste Recycling sectors, it is imperative that the Group continues to invest in its employees.

(a) Training and development

Training programmes, both internal and external, are organised to deliver an all-round training experience to our employees by upgrading their skill sets, job knowledge and competency level in achieving an overall increase in productivity.

Respect and considerations of our colleagues are the work culture of the Group. Training programmes and job rotations are in place for employees in assisting them to work towards their goals and aspirations.

CORPORATE RESPONSIBILITY STATEMENT

cont'd

A. WORKPLACE *cont'd*

(a) Training and development *cont'd*

During FYE 2017, the employees had attended the following training/development programmes:-

Date	Division	Training Session
16 February 2017	Production	Seminar Pematuhan Peraturan-Peraturan Kualiti Alam Sekeliling (Buangan Terjadual) 2005 dan Pematuhan Kendiri
3 May 2017	Laboratory	Analytical Solutions to Handling Waste Water / Schedule Waste / Recycle Waste according to International Regulations
6 May 2017, 13 June 2017 & 11 November 2017	Production	Forklift Operators & Safety Training
8 June 2017	Laboratory	Radiation Safety Awareness
10 – 11 July 2017	Production	Radiation Safety Refresher course
25 August 2017 & 14 October 2017	Production	Spillage Response Training (in house)
12 August 2017	Production	Chemical Safety Handling (in house)
21 - 26 August 2017	Laboratory	Sample Pre-treatment Methods (in house)
16 October 2017	Production	Dust Collector (filter bag system) Performance Monitoring
8 November 2017	Production	Safety of Material Handling Equipment (in house)

(b) Workplace Diversity

The Group embraces diversity at workplace and we do not allow room for any form of discrimination practice against people of different gender, age, ethnicity, nationality or marital status.

By employing a diverse workforce, the Group is able to have a better understanding of today's dynamic market demographics. It has also enable the Group to tap into a pool of people from diverse backgrounds who can provide unique market insights or generate creative solutions, thereby increasing the Group's competitiveness in today's globalised and challenging economy.

Gender diversity

As at the LPD, the Group had achieved a ratio of 82:18 in the workforce of the Group in terms of Male/Female.

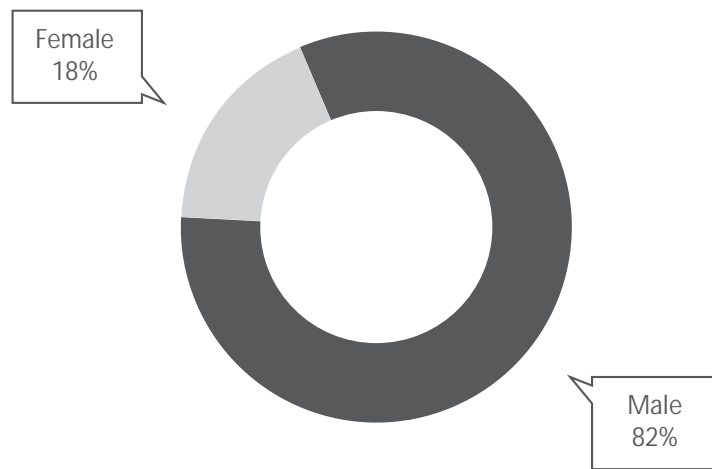
CORPORATE RESPONSIBILITY STATEMENT cont'd

A. WORKPLACE *cont'd*

(b) Workplace Diversity *cont'd*

Gender diversity cont'd

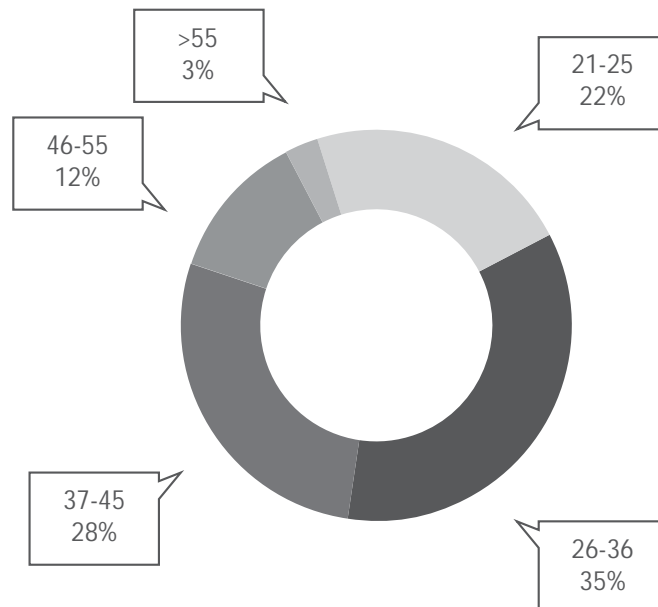
Workforce in terms of Gender in JAG Group



Age diversity

As at the LPD, 35% of our employees belong to the age group of between 26 to 36 with the next largest age group being those aged between 37 to 45 (28%). The Group’s age demographics broadly reflected those of Malaysia where the younger age employees form the majority of the workforce.

Workforce in terms of Age in JAG Group



CORPORATE RESPONSIBILITY STATEMENT

cont'd

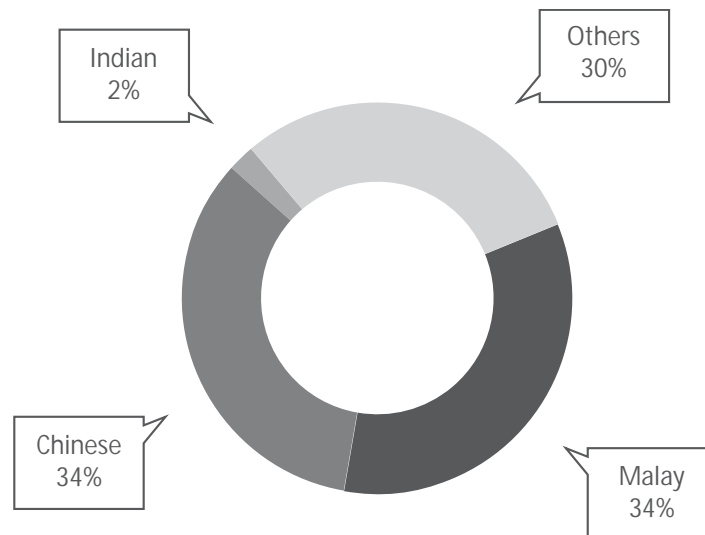
A. WORKPLACE *cont'd*

(b) Workplace Diversity *cont'd*

Ethnicity diversity

As at the LPD, employees of Chinese and Malay ethnicity constituted the largest workforce of the Group at 34% respectively, with the Non-Malaysian ethnicity staff being the next largest workforce at 30%, followed by Indian ethnicity staff at 2%. Notwithstanding so, the Group's Human Resources Department has been instructed to ensure a well balance hiring of staff during their recruitment process.

Workforce in terms of Ethnicity in JAG Group



(c) Healthy and Safe working environment

The Group continuously strive to provide a healthy and safe working environment for our employees. Regular workplace inspection is one of the main duties of the Management to ensure work places are uncluttered, neat, tidy and safe. Fire and safety drills, as well as risk awareness campaigns are held regularly to ensure that employees are well prepared in the event of an emergency.

For FYE 2017, two (2) fire and safety drills were conducted:-

No.	Date	Events
1	12 September 2017	Fire/evacuation drill
2	16 October 2017	Fire/evacuation drill

CORPORATE RESPONSIBILITY STATEMENT

cont'd

A. WORKPLACE *cont'd*

(d) Employees' well being

The Group, in promoting active and healthier lifestyles, introduced a weekly badminton session to encourage social interaction among the staff.

As a caring employer, the Group has accorded the following benefits to the employees:-

- Group insurance encompassing personal accident, life and medical for all level of staff;
- Time-off of up to six (6) times per annum, at a limit of two (2) hours maximum per time-off;
- Incentive allowances such as excellent attendance allowance, line leader allowance for production staff and best attendance reward;
- Token appreciation for life changing event such as first legal marriage, first three child birth as well as retirement;
- Paid study leave to encourage staff continuous self-development; and
- Arrange for short term certificate study for admin staff to continue to enhance their work knowledge under Human Resources Development Fund ("HRDF") scheme.

For FYE 2017, the administrative staff have attended the following short term courses:-

Type of Courses	Event Date
ISO 9001:2015 Establishing & Controlling Documented Information	8 – 9 May 2017
Risk Based Thinking & Lifecycle Perspective and Internal Auditing	31 July 2017 & 14 August 2017
Schedule Waste Management Training (in house)	8 September 2017
Correct & Quality Customs Declarations of Custom No 1, 2, 3, 8, 9 & its procedures including operational on GST	18 - 19 September 2017
An Overview of the Impact of MFRS 9 Financial Instruments	8 December 2017

B. ENVIRONMENT

E-Waste Recycling

The Group believes it has a moral and social responsibility in reducing carbon footprint and contributes towards a greener environment.

The growth in the domestic consumption of E&E products has inevitably increased the amount of E-Waste in Malaysia. Being in the E-Waste recycling sector, the Group would play a vital role in reducing the E-Waste problems in Malaysia.

CORPORATE RESPONSIBILITY STATEMENT

cont'd

C. COMMUNITY

The Group recognises that the community plays an essential role in driving the success of its business.

In view thereof, the Group has made its contribution back to society a cornerstone of its CR activities. For FYE 2017, the Group was invited to sit in as one of the members of the Task Force under the scope E-Wastes collection and reporting guideline for “The Project for Development of Mechanism for Household E-Waste Management” spearheaded by Jabatan Alam Sekitar and Japan International Cooperation Agency (“JICA”). It was a collaboration between various stakeholders and government authorities and municipals, such as Suruhanjaya Komunikasi dan Multimedia Malaysia, Pihak Berkuasa Kerajaan Tempatan, Dewan Bandaraya Kuala Lumpur, Majlis Bandaraya Shah Alam, Majlis Perbandaran Petaling Jaya, Majlis Perbandaran Subang Jaya, Jabatan Pengurusan Sisa Pepejal Negara and Jabatan Perancang Bandar as well as trade associations.

Besides, the Group had through JMI, participated in a campaign organised by Omron Malaysia Sdn. Bhd., namely “Safety, Health & Environment Months Event?” held on 18 December 2017 to 22 December 2017 with the objective to increase the public interest and awareness of E-Waste recycling.



D. MARKETPLACE

As a listed entity as well as an employer, the Group has an obligation to its shareholders and statutory obligations to the relevant authorities. In order to achieve our mission ***to be the leading company within Malaysia of the Total Waste Management***, the Group has instituted several responsible marketplace practices to maintain the highest standards of integrity, fairness and transparency in our conduct of business.

(a) Corporate Disclosure Practices

The Group recognises the importance of timely and thorough dissemination of accurate and useful information relating to our operations to stakeholders. In this regard, we strictly adhere to the disclosure requirements of Bursa Securities and the Malaysian Accounting Standards Board. In fact, this Annual Report contains comprehensive information pertaining to the Group, while various disclosures on financial results provide stakeholders with the latest financial information of the Group.

(b) Investor relations activities

The Group organises regular investor relations activities to promote and develop a positive relationship with all our stakeholders via active two-way communication and to relay pertinent information to stakeholders in a transparent and consistent manner. Please refer to the *Corporate Governance Overview Statement* in this Annual Report for a summary of investor relations activities conducted for the FYE 2017.

CORPORATE RESPONSIBILITY STATEMENT

cont'd

D. MARKETPLACE *cont'd*

(c) Dedicated sections in corporate website

Apart from the mandatory public announcements through Bursa Securities, the Group's website at www.jagb.com.my provides the public with convenient and timely access to business updates, and financial and non-financial information. Furthermore, stakeholders are able to direct queries to the Group via this website.

The Company has created two (2) dedicated sections/notices to ensure more effective dissemination of information:-

- **"Investors"** section; and
- **"Press Centre"** section.

CONCLUSION

The Group noted that Bursa Securities has always advocated CR as key to sustainability. The Group recognises the importance of sustainability and its increasing impact to the business. The Group is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Rule 9.25 of the ACE LR as set out in Appendix 9C thereto.

1. Utilisation of Proceeds

The Company had on the following dates announced four (4) tranches of private placement of 114,400,000 new ordinary shares (“**Placement Shares**”) in total (“**Private Placement**”) and the listing of and quotation for the said ordinary shares were approved by Bursa Securities:-

	Date of Announcement	No. of Placement Shares	Issue Price per share (RM)	Gross Proceeds Raised (RM)
First Tranche	28 March 2017	28,600,000	0.105	3,003,000
Second Tranche	2 May 2017	28,600,000	0.115	3,289,000
Third Tranche	11 May 2017	28,600,000	0.125	3,575,000
Final Tranche	18 July 2017	28,600,000	0.120	3,432,000
Total Gross Proceeds Raised:				13,299,000

The details of the status of utilisation of proceeds raised as at the LPD were as follows:

	Status of utilisation	Amount utilised RM	Amount unutilised RM
First Tranche of Private Placement			
Repayment of bank borrowings	Fully	2,988,013	-
Estimated expenses in relation to the First Tranche of Private Placement	Fully	14,987	-
Total		3,003,000	-
Second Tranche of Private Placement			
Repayment of bank borrowings	Fully	3,272,623	-
Estimated expenses in relation to the Second Tranche of Private Placement	Fully	16,377	-
Total		3,289,000	-
Third Tranche of Private Placement			
Repayment of bank borrowings	Fully	3,556,567	-
Estimated expenses in relation to the Third Tranche of Private Placement	Fully	18,433	-
Total		3,575,000	-
Final Tranche of Private Placement			
Repayment of bank borrowings	Fully	2,682,797	-
Working capital	Fully	691,327	-
Estimated expenses in relation to the Final Tranche of Private Placement	Fully	57,876	-
Total		3,432,000	-

ADDITIONAL COMPLIANCE INFORMATION

cont'd

2. Recurrent Related Party Transactions of a Revenue Nature

During the financial year under review, the Group has not entered into any recurrent related party transactions of a revenue or trading nature.

3. Audit and Non-Audit Services

For the FYE 2017, Messrs. Russell Bedford LC & Company, the external auditors, has rendered certain audit and non-audit services to the Company and the Group, an actual breakdown of which is listed as below for information:-

	Company (RM)	Group (RM)
Audit services rendered		
Statutory audit in respect of FYE 2017	40,000	123,000
Non-audit services rendered		
Review of the Statement on Risk Management and Internal Control for Annual Report 2016	4,000	4,000
Total	44,000	127,000

4. Material Contracts Involving Interest of Directors, Chief Executive or Major Shareholders

There was no material contract entered into by the Group involving the interest of Directors, chief executive who is not a Director or major shareholders, either still subsisting as at the end of the financial year or entered into since the end of the previous financial year.

5. SIS Options

The Group has established and implemented the SIS with effect from 1 July 2015 and the SIS is governed by its By-Laws approved by the shareholders at an Extraordinary General Meeting held on 15 June 2015. The information in relation to the SIS for FYE 2017, is as follows:-

Details	Number of SIS Options
Total number of options granted	177,091,200
Total number of options exercised	99,492,600
Total number of options lapsed	49,106,000
Total number of adjustment options issued pursuant to Bonus Issue	3,306,753
Total options outstanding	31,799,353

ADDITIONAL COMPLIANCE INFORMATION

cont'd

5. SIS Options *cont'd*

SIS Options Granted to the Directors and Chief Executive	Number of SIS Options
Aggregate options granted	35,796,300
Aggregate options exercised	18,000,000
Total number of adjustment options issued pursuant to Bonus Issue	1,076,611
Aggregate options lapsed	3,800,000
Aggregate options or shares outstanding	15,072,911

SIS Options Granted to the Directors and Senior Management	Number of SIS Options (During the FYE)	Number of SIS Options (Since commencement of SIS)
Aggregate maximum allocation applicable to Directors and senior management in percentage	0%	60%
The actual percentage granted to them	0%	46%

During the FYE 2017, none of the SIS Options was offered to the Non-Executive Directors (“NED”) and none of the NED has exercised the SIS Options.

AUDIT COMMITTEE REPORT

The Board presents the Audit Committee Report to provide insights on the discharge of the Audit Committee's functions during the FYE 2017, in compliance with Rule 15.15(1) of the ACE LR of Bursa Securities as well as the MCGG 2012 (where applicable) and the new MCGG issued with effective from 26 April 2018.

COMPOSITION

The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. All of the members of the Audit Committee satisfied the test of independence under the ACE LR and also met the requirements of the MCGG 2012.

Furthermore, in compliance with *Step Up Practice 8.4* of the new MCGG, the Audit Committee comprised solely of Independent Directors.

The current composition of the Audit Committee is as follows:

Name	Designation	Directorship
Roy Thean Chong Yew	Chairman	Independent Non-Executive Director
Datuk Md. Hassim Bin Pardi	Member	Independent Non-Executive Director
Ewe Chuan Seng	Member	Senior Independent Non-Executive Director

The Chairman of the Audit Committee, Mr. Roy Thean Chong Yew is an Independent Non-Executive Director. In this respect, the Company complies with Rule 15.10 of the ACE LR. Furthermore, in compliance with Practice 8.1 of the new MCGG, the Chairman of the Audit Committee is not the Chairman of the Board.

In addition, Mr. Roy Thean Chong Yew, is a member of the Malaysian Institute of Certified Public Accountants ("MICPA"), Malaysian Institute of Accountants ("MIA") and a Chartered Member of Institute of Internal Auditors of Malaysia ("CMIIA"). In this respect, the Company complies with Rule 15.09(1)(c) of the ACE LR.

Assessment on the Term of Office and Performance of the Audit Committee

The Nomination Committee had on 23 February 2018, reviewed the term of office and performance of the Audit Committee as well as whether its members have carried out their duties in accordance with the Terms of Reference of Audit Committee for the FYE 2017.

Upon review, the Nomination Committee was satisfied the overall performance of the Audit Committee and its individual members for FYE 2017. The Nomination Committee had reported its satisfaction to the Board of Directors for notation.

Formal assessment on the External Auditors

In compliance with Practice 8.3 of the new MCGG, the Audit Committee has established policies and procedures to assess the suitability, objectivity and independence of the external auditors on annual basis, prior to making their recommendation to the Board whether to seek shareholders' approval at next AGM for the re-appointment of external auditors for the ensuing year.

Upon completion of its assessment, the Audit Committee was satisfied with Messrs. Russell Bedford LC & Company's technical competency i.e. effectiveness, suitability and independence during the financial year under review and recommended to the Board the re-appointment of Messrs. Russell Bedford LC & Company as external auditors for the financial year ending 31 December 2018. The Board has in turn, has recommended the same for shareholders' approval at the forthcoming 20th AGM of the Company.

AUDIT COMMITTEE REPORT

cont'd

MEETINGS AND ATTENDANCES

The Audit Committee held a total of six (6) meetings during the FYE 2017 and the details of attendance of the members during the financial year were as below:-

Members	Total no. of meetings attended	Total no. of meetings held during tenure of office	%
Mr. Roy Thean Chong Yew	6	6	100.00
Datuk Md. Hassim Bin Pardi	6	6	100.00
Mr. Ewe Chuan Seng	4	6	66.67

The lead audit partner of the external auditors responsible for the Group had attended three (3) Audit Committee Meetings held in FYE 2017.

The external auditors were encouraged to raise with the Audit Committee any matters they considered important to bring to the Audit Committee's attention. For FYE 2017, three (3) private sessions were held between the Audit Committee with the external auditors without the presence of the Executive Board members and management personnel.

The Chairman of the Audit Committee also sought information on the communication flow between the external auditors and the Management which is necessary to allow unrestricted access to information for the external auditors to effectively perform their duties.

Notices of the Audit Committee Meeting were sent to the Audit Committee Members at least seven (7) days in advance. Upon that, the Company Secretaries will then compiled the relevant meeting papers for dissemination to the Audit Committee by email and/or hand.

All deliberations during the Audit Committee Meetings were duly minuted. Minutes of the Audit Committee Meetings were tabled for confirmation at every succeeding Audit Committee Meeting.

The Chairman of the Audit Committee presented the Audit Committee's recommendations together with the respective rationale to the Board for approval of the annual audited financial statements and the unaudited quarterly financial results. As and when necessary, the Chairman of the Audit Committee would convey to the Board, matters of significant concern raised by the internal or external auditors.

TERMS OF REFERENCE

In line with the recent amendments of ACE LR of Bursa Securities and released of new MCCG by the Securities Commission Malaysia, the Terms of Reference ("TOR") of the Audit Committee has been reviewed and revised by the Audit Committee and recommended the same to the Board of Directors' approval for adoption. Accordingly, the revised TOR of the Audit Committee was approved by the Board of Directors on 23 February 2018.

AUDIT COMMITTEE REPORT

cont'd

TERMS OF REFERENCE *cont'd*

The two (2) major amendments to the TOR of the Audit Committee were to incorporate the following Practices as stipulated in the new MCCG:-

- Practice 8.1 of the new MCCG which stipulates that Chairman of the Audit Committee is not the Chairman of the Board; and
- Practice 8.2 of the new MCCG requires the AC to have a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC.

A copy of the updated TOR of the Audit Committee is available for viewing under “Investors” section of the Company’s website at www.jagb.com.my.

SUMMARY OF WORKS

During the FYE 2017, the summary of works undertaken by the Audit Committee comprised the followings:-

1. Overview of Financial Performance and Reporting

- Reviewed the unaudited quarterly financial results for the quarters ended 31 December 2016, 31 March 2017, 30 June 2017 and 30 September 2017 and recommended the same for the Board’s approval;
- Reviewed the annual budget of the Group for FYE 2017 and deliberated on the assumptions made in preparing the annual budget, and recommended the same to the Board for approval and adoption;
- Reviewed the financial performance and financial highlights of the Group on quarterly basis;
- Reviewed the identified significant matters pursuant to Rule 15.12(1)(g)(ii) of the ACE LR which took effect on 1 July 2016;
- Reviewed the draft audited financial statements for the FYE 2016 and recommended the same for the Board’s approval; and
- Reviewed the Group’s compliance with the accounting standards and relevant regulatory requirements.

2. Oversight of External Auditors

- Reviewed the Audit Observations for the Group highlighted by the external auditors for the FYE 2016;
- Received the Audit Progress Memorandum prepared by the external auditors for the FYE 2016, covering updates of matters to highlight and significant outstanding information/documents from the audit field works;
- Reviewed the 2017 Audit Planning Memorandum prepared by the external auditors, entailing mainly the overview of audit approach, scope of work, auditing developments, significant risks and areas of audit focus of the Group;
- Met three (3) times with the external auditors without the presence of the Executive Directors and Management;

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS *cont'd*

2. Oversight of External Auditors *cont'd*

- Reviewed the effectiveness, suitability and independence of the external auditors vide a formalised “Assessment on External Auditors” and upon reviewed and being satisfied with the results of the said assessment, the same has been recommended to the Board for approval;
- Discussed and reviewed with the external auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board, and the scope of work and audit plan for the FYE 2017, including any significant issues and concerns arising from the audit; and
- Reviewed the audit fees for FYE 2017 prior to the Board’s approval.

3. Oversight of Internal Audit Function

- Reviewed the risk-based Internal Audit Plan for the Group for FYE 2017 and approved for adoption of the same by the Group throughout FYE 2017;
- Reviewed the Internal Audit Reports for the FYE 2016 and FYE 2017 and assessed the internal auditors’ findings and the management’s responses and made the necessary recommendations to the Board for approval;
- Reviewed the progress updates on the follow-up review of the previous Internal Audit Reports;
- Reviewed the adequacy and performance of the internal audit function and its comprehensive coverage of the Group’s activities for the FYE 2016; and
- Reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced internal auditors for the FYE 2016 and that they have the necessary authority to carry out their work.

4. Oversight of Internal Control Matters

- Reviewed and confirmed the minutes of the Audit Committee Meetings;
- Reviewed the disclosures in Audit Committee Report and Statement on Risk Management and Internal Control to be included in the Annual Report 2016; and
- Reviewed the basis of allocation of monthly management fees to be charged to the subsidiaries of the Company for the FYE 2017 and recommended the same for the Board’s approval.

5. Oversight of Risk Management Working Group and Function

- Reviewed the Risk Register of the Group on quarterly basis;
- Deliberated on the updates received from the Risk Management Working Group (“RMWG”) on quarterly basis on the changes of risk ratings, identification of new risks, mitigation actions proposed by the RMWG to the risk owners and the implementation status of the mitigation steps.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS *cont'd*

6. Oversight of Share Issuance Scheme (“SIS”)

- Reviewed the summary of allocation of options pursuant to SIS on quarterly basis; and
- Verified the allocation of options pursuant to the SIS at the end of the financial year as being in compliance with the criteria disclosed to the employees.

7. Review of Related Party Transactions

- Reviewed the related party transactions and conflict of interest situation that arise within the Group on quarterly basis, including any transaction, procedure or course of conduct that raises questions on management integrity.

The Board is satisfied that the Audit Committee has carried out their responsibilities and duties in accordance with the Audit Committee’s TOR.

INTERNAL AUDIT FUNCTION

(1) Appointment

The Group has appointed an outsourced internal audit service provider, Morison AAC Corporate Solutions Sdn. Bhd. (“**Morison**”) to carry out the internal audit function.

The purpose of the internal audit function is to provide the Board, through the Audit Committee, reasonable assurance of the effectiveness of the system of internal control in the Group.

The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.

The profile of Morison is set out as follows:-

Date of Appointment	:	28 February 2014
Principal Engagement Lead	:	Mr. Clement Cheong, MBA <i>Director, Corporate Governance & Risk Management</i>
Qualifications	:	<ul style="list-style-type: none"> • Member of the Malaysian Institute of Accountants • Member of the Malaysian Institute of Certified Public Accountants • Master of Business Administration, University of Bath • Member of Institute of Bankers, Malaysia • Charter Member, Certified Risk Professional
Experiences	:	<p>Mr. Clement Cheong has over fifteen (15) years of professional experience in providing internal audit, risk management advisory as well as financial management advisory services.</p> <p>He began his accountancy training with one of the Big Four accounting practice and then moved on to the banking and finance sector. He had held various key positions in the banking industry, serving as the Chief Internal Auditor of three major public listed financial institutions. He had also served as the Chief Financial Officer of a major public listed banking group. He was also involved in the setting up of the Integrated Risk Management division and had overseen Remedial Management for a major bank.</p>

AUDIT COMMITTEE REPORT

cont'd

INTERNAL AUDIT FUNCTION *cont'd*

(1) Appointment *cont'd*

Number of resources	:	The engagement team consisted of four (4) personnel, including the principal engagement lead, while the fieldwork for the audited areas were conducted by three (3) personnel.
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For FYE 2017, the Morison engagement team personnel have affirmed to the Audit Committee that in relation to the Company/Group, they were free from any relationships or conflicts of interest, which could impair their objectivity and independency.

(2) Summary of Works of the Internal Audit Function for FYE 2017

During the FYE 2017, the summary of works undertaken by the internal auditors comprised the followings:-

- Reviewed compliance with policies, procedures and standards, relevant external rules and regulations;
- Assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary;
- The internal audits performed met the objective of highlighting to the Audit Committee the audit findings which required follow-up actions by the Management, any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system;
- Ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management; and
- Presentation of audit findings and corrective actions to be taken by Management in the quarterly Audit Committee Meetings.

For FYE 2017, the following areas of the Group have been successfully audited by Morison in accordance with the risk-based audit plan adopted:-

Name of Audited Subsidiary	Audit Area/ Function	Tabling of Internal Audit Report
JMI	<ul style="list-style-type: none"> • Human Resource Management 	First Quarter of 2017
JAG Nasmeh Sdn. Bhd.	<ul style="list-style-type: none"> • Policies and Procedures • Service and Maintenance • Security Control and Safeguarding of Assets 	Second Quarter of 2017
JMI	<ul style="list-style-type: none"> • Finance Management 	Third Quarter of 2017
JMI	<ul style="list-style-type: none"> • Policies and Procedures • Operations Management 	Fourth Quarter of 2017

(3) Total costs incurred for FYE 2017

The total cost incurred for the outsourced internal audit function of the Group for the FYE 2017 is amounted to RM36,000/- (2016: RM29,000/-).

This Audit Committee Report is made in accordance with the Resolution passed by the Directors at the Board of Directors' Meeting held on 13 April 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement of Risk Management and Internal Control by the Board on the Group is made pursuant to Rule 15.26(b) of the ACE LR and in accordance with Part II of Principle B, Intended Outcome 9.0, Practices 9.1 and 9.2 and Guidance 9.1 and 9.2 relating to risk management and internal controls framework provided in the new MCCG issued on 26 April 2017 as well as the *Guidelines for Directors of Public Listed Issuers – Statement on Risk Management and Internal Control*.

The following statements outline the scope and nature of internal control system of the Group during the FYE 2017.

RESPONSIBILITY OF THE BOARD

The Board acknowledges its overall responsibility for safeguarding the shareholders' investment and assets of the Group by implementing and maintaining a sound and effective risk management framework and internal control system.

The Board endeavours to fulfil its objectives vide an effective and efficient governance, risk management, financial, organisational, operational and compliance control. It is committed to provide a system that gives reasonable, though not absolute assurance against the occurrence of any material misstatements or losses, infringement against the laws or regulations or fraud.

For FYE 2017, the Board having assessed and reviewed the effectiveness, integrity and adequacy of the risk management framework and the internal control system of the Group, had implemented several improvements to the risk management framework and the internal control system of the Group.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT FRAMEWORK

The key features of the risk management framework of the Group established to facilitate proper conduct of the Group's businesses are outlined as follows:-

A. CONTROL STRUCTURE

Risk Management Committee ("RMC")

In line with the recommendation of the new MCCG, the Board has been officially established a Board level Committee, RMC, at the Board of Directors' Meeting held on 26 February 2018.

The new formation of RMC has complied with the Step-Up Practice 9.3 of the new MCCG, where the Board establishes a RMC, which comprises a majority of Independent Directors, to oversee the company's risk management framework and policies.

The composition of the RMC is as follows:-

Name	Designation	Directorate/Position
Mr. Roy Thean Chong Yew	Chairman	INED
Mr. Ewe Chuan Seng	Member	Senior INED
Datuk Md. Hassim Bin Pardi	Member	INED
Dato' Ng Meow Giak	Member	Executive Director
Datin Stacey Tan Siew Ching	Member	Chairperson and Executive Director

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT FRAMEWORK *cont'd*

A. CONTROL STRUCTURE *cont'd*

Risk Management Committee ("RMC") *cont'd*

The principal objective of the formation of the RMC is to assist the Board in reviewing and recommending the risk management policies and strategies for the Company. In addition, the RMC shall assist the Board to fulfil its corporate governance, risk management, and statutory responsibilities in order to manage the overall risk exposure.

With the formation of RMC, the risk management function of the Audit Committee has been assumed by RMC.

Risk Management Working Group ("RMWG")

The RMWG was established since third quarter of financial year ended 31 December 2015 with the function of performing risk identification, risk evaluation as well as making relevant recommendations to the risk owners for risk mitigation action plan arising from daily business activities of the Group.

The objective of the establishment of RMWG is to ensure that the risk management effort can be instilled into the organisation and its business process.

During FYE 2017, the RMWG reported to the Audit Committee on the risk findings. With the formation of RMC in year 2018, the RMWG would report directly to the RMC moving forward.

The composition of the RMWG is as follows:-

Name	Designation	Position
Dato' Ng Meow Giak	Chairman	Executive Director of JAG Berhad & Head of Total Waste Management Division, JMI
Mr. Ng Yaw Long	Member	Operation Director, JMI
Mr. Goh Chee Hong	Member	Finance Manager, JMI
En. Mohd Zarieth bin Adenan	Member	Human Resource Manager, JMI
Mr. Loh Wan Leong	Member	Plant Manager, JMI
Mr. Ong Yew Liang	Member	Production Manager, JMI
Ms. Yeoh Siew Luan	Member	Finance Manager, JAG Systems Sdn. Bhd.
Ms. Caryn Fan Mee Mee	Member	General Manager, JAG Systems Sdn. Bhd.

B. RISK MANAGEMENT FRAMEWORK

Enterprise Risk Management ("ERM") Framework

JMI, a key active subsidiary of the Company has put in place an ERM Framework and the following principal risks were identified and relevant to JMI:-

- Strategic risks;
- Human resource risks;
- Operational risks;
- Information technology ("IT") risks; and
- Financial risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT FRAMEWORK *cont'd*

B. RISK MANAGEMENT FRAMEWORK *cont'd*

Enterprise Risk Management ("ERM") Framework *cont'd*

During the financial year under review, Management maintained the existing internal control protocols in order to manage and mitigate against the abovementioned identified risks. Management has also represented to the Audit Committee that there were no changes that have materially affected, or are reasonably likely to materially affect the Group's system of internal control and risk management with respect to its financial reporting.

To ensure the relevance of the risks associated to JMI and the adequacy of risk management system and risk mitigation procedures and processes, the Board had assigned the outsourced internal auditors, Morison AAC Corporate Solutions Sdn. Bhd. ("**Morison**") to perform an ERM follow-up review for FYE 2017 on the following focus areas:-

1. Principal risks;
2. Risk management and mitigation procedures established; and
3. Business operations of JMI.

The Board believes that risk management is essential for continued profitability and enhancement of shareholders' value. The Board acknowledges the importance of the risk management system in identifying the principal risks exposed by the Group and ways of managing them at an acceptable level and that subsequently contribute to achieving the corporate goals of the Group.

The Risk Register

The RMWG is responsible to maintain the set of Risk Register for the Group. The Risk Register forms a platform for documenting the risks associated to the Group.

The Risk Register documents the risk information (risk group, risk issues, risk events and risk ratings) and also outlines the mitigation procedures by the identified risk owner. The RMWG is obliged to monitor the status of implementation of the mitigation procedures and to review and update the risk rating accordingly.

The Risk Register updated by the RMWG would be tabled to the Audit Committee for review at each quarterly meeting.

C. RISK MANAGEMENT ACTIVITIES DURING FYE 2017

- The RMWG met once in the FYE 2017 and maintained constant communication via emails for discussions on matters concerning risk management of the Group.
- Assessed risk matters, monitored implementation of mitigation procedures and reviewed the Risk Register of the Group on quarterly basis to ensure relevance to the Group.
- Enhanced the Risk Register for more accurate reflection of inherent risks in each division.
- Presented updates of the development of risk matters of the Group to the Audit Committee at the Audit Committee Meetings on quarterly basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM

The Group's internal control system consists of the following key processes:-

A. AUTHORITY AND RESPONSIBILITY

Certain responsibilities are delegated to the following Board Committees through clearly defined TOR which are reviewed periodically and/or when the need arises:-

- Audit Committee;
- Nomination Committee;
- Remuneration Committee;
- Risk Management Committee; and
- Share Issuance Scheme Option Committee.

B. INTERNAL AUDIT

Qualified and Independent Internal Auditors

The Group's internal audit has been outsourced to an independent service provider. The Board has appointed Morison, an established local accounting and business advisory practice provider in Malaysia. Prior to their appointment, the Audit Committee has considered the following criteria:-

- Length of establishment;
- Core specialty area;
- Industry reputation;
- International affiliation;
- Qualification and experience of engagement partner and team; and
- Existing client base.

Risk-Based Internal Audits

Morison has prepared a risk-based internal audit plan based on their review of the financial report of the Group and taking into consideration the impact of the different areas of the Group based on materiality of the numbers reported.

Through Morison, the effectiveness and efficiency of the Group's risk management and internal control system were examined and evaluated in an independent capacity. Morison has assessed the Group's compliance with policies and procedures as well as relevant laws and regulations. Morison then provided reports on issues relating to internal controls and the associated risks together with recommendations for appropriate actions to the Audit Committee.

Summary of Works Undertaken by the Internal Auditors

For FYE 2017, Morison had:-

- Carried out their activities in accordance with the scope of work and audit plan for FYE 2017.
- Presented their findings with the Audit Committee on quarterly basis and recommended corrective actions for the Management.
- Conducted follow-up review on their previous internal audit reports.
- Conducted follow-up review on the ERM of JMI.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM *cont'd*

B. INTERNAL AUDIT *cont'd*

Adequacy of Scope, Functions, Competency and Resources of the Outsourced Internal Audit Functions

In the first quarter of FYE 2017, the Audit Committee had vide its assessment, assessed the adequacy of scope, functions, competency and resources of the outsourced internal audit function and that it has the necessary authority to carry out its work and the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function for the financial year ended 31 December 2016.

Based on the collated results of the above said assessment, the Audit Committee was of the view that the internal audit has added value to the Group by providing further assurance relating to risk management and fraud control and assessed the Internal Auditors' performance as "Adequate".

C. MONITORING AND REPORTING

The Financial Controller in charge of the Group's financial affairs is required to give assurance to the Audit Committee that adequate processes and controls are in place in the preparation of each quarterly financial statements, including consolidated condensed financial statements, and that appropriate accounting policies are adopted and applied consistently to give a true and fair view of the state of affairs of the Group and to ensure compliance with the Financial Reporting Standards.

Upon review, the Audit Committee shall inform the Board on the assurance it received from the Financial Controller as well as the conclusion it made on the adequacy of processes and controls in place for effective financial reporting and disclosures to be made by the Company.

D. STAFF COMPETENCY

It is part of the Company's policies to ensure provision of constant training and development programmes to ensure that the employees are kept up-to-date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.

REVIEW OF THIS STATEMENT

Pursuant to Rule 15.23 of the ACE LR, the external auditors have reviewed this statement for inclusion in the 2017 Annual Report, in accordance with the Malaysian Approved Standard on Assurance Engagements, International Standard on Audit Engagement ("ISAE") 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information and AAPG 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

Based on their review, the external auditors reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the statement factually inaccurate.

AAPG 3 does not require the external auditors to, and they did not, consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems including the assessment and opinion by the Board of Directors and management thereon. They are also not required to consider whether the process described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

CONCLUSION

The Board has received assurance from the Financial Controller and the Executive Director that the function of the Company's risk management and internal control system for the financial year under review, and up to the date of approval of this statement, has been sound and sufficient, in all material aspects, based on the risk management model and internal control system adopted by the Group, safeguard the shareholders' investments, the interests of customers, regulators, employees and other stakeholders, and the Group's assets.

The Board members acknowledge that they are ultimately responsible for ensuring the proper implementation of appropriate internal control system even though this responsibility has been delegated to the Management.

This statement was approved by the Board on 13 April 2018.

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

In accordance with the Companies Act 2016 and the applicable approved accounting standards, the Directors are required to prepare annual financial statements that give a true and fair view of the financial position and the results and cash flows of the Group and of the Company for that financial year then ended.

The Directors have reviewed the accounting policies to ensure that they are consistently applied throughout the financial year and are of the view that relevant approved accounting standards have been followed in the preparation of these financial statements. In cases where judgements and estimations were made, they were based on reasonableness and prudence.

The Directors have relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records are accurate and reliable.

The Directors are responsible for ensuring that the Company maintains accounting records which disclose with reasonable accuracy of the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect frauds and other irregularities.

This Statement on Directors' Responsibility for preparing the financial statements is approved by the Board of Directors on 13 April 2018.

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DIRECTORS' REPORT

DIRECTORS' REPORT

The directors submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and is also engaged in the business of computer software development, maintenance and support services. The details of the subsidiaries, including their principal activities, are disclosed in Note 14 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year attributable to:		
Owners of the Company	8,346,294	9,772,839
Non controlling interest	50,429	-
	<u>8,396,723</u>	<u>9,772,839</u>

In the opinion of the directors, the results of the operations of the Group and the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the Company declared, paid and proposed the following dividends in respect of financial year ended 31 December 2017:

	RM
First single tier interim dividend of RM0.001 per ordinary share, paid on 6 October 2017	<u>1,266,040</u>

The directors also recommend a final single tier dividend of RM0.001 per ordinary share estimated at RM1,376,931 in respect of financial year ended 31 December 2017 to be paid on 7 June 2018 and is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to and from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIRECTORS' REPORT

cont'd

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid up capital by way of:

(a) Private placement of shares for cash to eligible investors for the purposes of repayment of the bank borrowings and increasing the working capital of the subsidiaries, the tranches of the private placement issued are as follows:

- (i) 28,600,000 new ordinary shares at an issue price of RM0.105 per share;
- (ii) 28,600,000 new ordinary shares at an issue price of RM0.115 per share;
- (iii) 28,600,000 new ordinary shares at an issue price of RM0.125 per share; and
- (iv) 28,600,000 new ordinary shares at an issue price of RM0.120 per share.

(b) Bonus issue

A bonus issue of 97,385,881 new ordinary shares, on the basis of 1 bonus share for every 13 existing ordinary shares, was held through the capitalisation of RM9,738,588 from share premium.

(c) Exercise of Share Issuance Scheme ("SIS")

Issuance of 22,292,600 of new ordinary shares for cash pursuant to the exercise of SIS at a weighted average exercise price of RM0.10 per ordinary share.

(d) Exercise of Warrants 2014/2019

Issuance of 7,500 new ordinary shares for cash pursuant to the exercise of 7,500 Warrants 2014/2019 at an exercise price of RM0.10 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the then existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 1,000,000 treasury shares for a total cash consideration of RM100,000 from the open market.

As at 31 December 2017, the Group held a total of 1,000,000 treasury shares. The treasury shares are held at a carrying amount of RM100,000.

WARRANTS

The Company had on 15 August 2014 issued 324,904,271 free Warrants 2014/2019 in conjunction with its bonus issue of shares. The Warrants 2014/2019 are constituted by a Deed Poll dated 30 July 2014.

During the financial year, the Company issued 194,771,762 free Warrants 2017/2020 on 16 November 2017 in conjunction with the bonus issue of shares. The Warrants 2017/2020 are constituted by a Deed Poll dated 30 October 2017.

DIRECTORS' REPORT

cont'd

WARRANTS *cont'd*

The movements in the Company's warrants during the financial year are as follows:

	Entitlement for ordinary shares				Balance at 31.12.2017 '000
	Balance at 1.1.2017 '000	Issued '000	Adjustment '000	Exercised '000	
Number of unexercised warrants					
Warrants 2014/2019	294,704	-	22,668	(7)	317,365
Warrants 2017/2020	-	194,772	-	-	194,772

The salient features of the Warrants 2014/2019 and Warrants 2017/2020 are disclosed in Note 23.1 and Note 23.2 to the financial statements.

SHARE ISSUANCE SCHEME ("SIS")

The Company implemented a SIS which is governed by the SIS By-Laws and was approved by its shareholders at the Extraordinary General Meeting held on 15 June 2015.

The movements in the Company's SIS are as follows:

Offer Date	Number of options over ordinary shares				Balance at 31.12.2017 '000
	Balance at 1.1.2017 '000	Adjustment '000	Exercised '000	Lapsed '000	
1 July 2015	50,785	3,307	(22,293)	-	31,799

The salient features of the SIS are disclosed in Note 23.3 to the financial statements.

DIRECTORS

The directors of the Company in office since the end of the previous financial year to the date of this report are:

Datin Tan Siew Ching
 Datuk Md Hassim bin Pardi
 Dato' Ng Meow Giak
 Roy Thean Chong Yew
 Ewe Chuan Seng

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS IN SHARES

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept under Section 59 of the Companies Act 2016, are as follows:

	Number of ordinary shares				Balance as at 31.12.2017
	Balance as at 1.1.2017	Bought	Bonus issue	Sold	
Shareholdings registered in the name of directors:					
Datin Tan Siew Ching	43,555,133	7,000,000	3,888,856	-	54,443,989
Datuk Md Hassim bin Pardi	-	-	-	-	-
Dato' Ng Meow Giak	174,893,270	-	13,084,096	(4,800,000)	183,177,366
Roy Thean Chong Yew	-	-	-	-	-
Ewe Chuan Seng	-	-	-	-	-

	Number of options over ordinary shares			
	Balance as at 1.1.2017	Adjustment	Exercised	Balance as at 31.12.2017
Share options registered in the name of directors:				
Datin Tan Siew Ching	-	-	-	-
Datuk Md Hassim bin Pardi	-	-	-	-
Dato' Ng Meow Giak	13,996,300	1,076,611	-	15,072,911
Roy Thean Chong Yew	-	-	-	-
Ewe Chuan Seng	-	-	-	-

	Number of Warrants 2014/2019 over ordinary shares			
	Balance as at 1.1.2017	Adjustment	Sold	Balance as at 31.12.2017
Warrants registered in the name of directors:				
Datin Tan Siew Ching	15,019,011	-	15,019,000	11
Datuk Md Hassim bin Pardi	-	-	-	-
Dato' Ng Meow Giak	44,765,023	2,020,386	(18,500,000)	28,285,409
Roy Thean Chong Yew	-	-	-	-
Ewe Chuan Seng	-	-	-	-

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS IN SHARES *cont'd*

	Number of Warrants 2017/2020 over ordinary shares			Balance
	Date of issue	Bought	Sold	as at 31.12.2017
Warrants registered in the name of directors:				
Datin Tan Siew Ching	7,777,712	-	-	7,777,712
Datuk Md Hassim bin Pardi	-	-	-	-
Dato' Ng Meow Giak	26,168,192	-	-	26,168,192
Roy Thean Chong Yew	-	-	-	-
Ewe Chuan Seng	-	-	-	-

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Group and certain companies in which certain directors of a subsidiary have interests as disclosed in Note 31.1 to the financial statements.

The amount of remuneration paid to and receivable by the directors for their services to the Group and the Company during the financial year is as follows:

	Group RM	Company RM
Fees	115,200	115,200
Remuneration other than fees	921,120	24,000
Estimated money value of benefits other than in cash	66,350	-
Amount of indemnity insurance effected for directors (any one claim and in annual aggregation)	1,000,000	1,000,000

There were no arrangements during or at the end of the financial year, which had the object of enabling directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than those arising from the share options granted pursuant to the Share Issuance Scheme.

DIRECTORS' REPORT

cont'd

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent;
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; and
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial year in which this report is made; and
- (b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Group and the Company.

No contingent or other liability of the Group and the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and the Company to meet their obligations as and when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

cont'd

AUDITORS

The auditors, Messrs Russell Bedford LC & Company, have indicated their willingness to continue in office.

The total remuneration paid to or receivable by the statutory auditors for the financial year were RM123,000 for the Group and RM40,000 for the Company.

Signed on behalf of the Board
in accordance with a resolution of the directors,

DATO' NG MEOW GIAK

ROY THEAN CHONG YEW

Kuala Lumpur
Dated: 13 April 2018

STATEMENT BY DIRECTORS

The directors of JAG BERHAD state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2017, and of their financial performance and their cash flows for the year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the directors,

DATO' NG MEOW GIAK

ROY THEAN CHONG YEW

Kuala Lumpur
Dated: 13 April 2018

STATUTORY DECLARATION

I, DATO' NG MEOW GIAK, being the director primarily responsible for the financial management of JAG BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
above named DATO' NG MEOW GIAK at)
Kuala Lumpur in Wilayah Persekutuan on)
13 April 2018)

DATO' NG MEOW GIAK

Before me,

Commissioner of oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JAG BERHAD

(INCORPORATED IN MALAYSIA)

1. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1.1 Opinion

We have audited the accompanying financial statements which comprise the statements of financial position of the Group and of the Company as at 31 December 2017, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with the Companies Act 2016 ("Act") and the Malaysian Financial Reporting Standards.

1.2 Basis for opinion

We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing. Our responsibilities under those standards are further described in paragraph 1.6.

We are independent of the Group in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the MIA By-Laws and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

1.3 Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to report with respect to our audit of the financial statements of the Company.

1.3.1 Existence and valuation of inventories

As described in Note 2.2.2 and Note 17 in the financial statements, the Group carries inventories at the lower of cost and net realisable value. As at 31 December 2017, the Group held inventories of RM46,929,991 representing 26% of total assets of the Group.

The Group's main raw materials contents – copper, gold, silver and aluminum, also a key component of the Group's finished goods, are subject to price volatility. Fluctuation in the prices of these metals can also lead to potential issues over the realisable value of the inventory balances, in particular if the historical cost of the inventories are higher than the net realisable value. In addition, due to the voluminous and nature of the inventories, management performs periodic inventory counts.

These, in combination with the significance of inventories as part of total assets, made us conclude that existence and valuation of inventories are a key audit matter of our audit.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JAG BERHAD

(INCORPORATED IN MALAYSIA)

cont'd

1. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

1.3 Key audit matters *cont'd*

1.3.1 Existence and valuation of inventories *cont'd*

How the matter was addressed in the audit

For the valuation of inventories, we tested a sample of inventory items to review the accuracy of the historical costs used for the valuation and to assess whether there were inventories which were sold with a consistent negative margin by evaluating recent sales invoices and evaluated management's assessment whether inventories should or should not be written down.

Our audit procedures to test the existence of the inventories mainly consist of understanding of the controls over the existence and movements of inventories, testing the relevant internal control procedures, specifically by testing the inventory cycle counts that are periodically performed by management and also testing the controls surrounding the movements of inventories. Throughout the year, we have attended a selection of inventory cycle counts to validate counts performed by management. We compared our count results with the results of the counts by management's representatives.

The results from our testing were satisfactory.

1.4 Other information

Management is responsible for the other information. The other information comprises the information included in the Company's directors' report and annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in regard to the directors' report.

1.5 Responsibilities of management and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Act and the Malaysian Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and/or its subsidiaries or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JAG BERHAD

(INCORPORATED IN MALAYSIA)
cont'd

1. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

1.5 Responsibilities of management and those charged with governance for the financial statements *cont'd*

Those charged with governance are responsible for overseeing the Group's financial reporting process.

1.6 Auditors' responsibilities for the audit of the financial statements

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with Section 266 of the Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and/or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention on our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JAG BERHAD

(INCORPORATED IN MALAYSIA)

cont'd

1. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

1.6 Auditors' responsibilities for the audit of the financial statements *cont'd*

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

2. ENGAGEMENT PARTNER

The engagement partner on the audit resulting in this independent auditors' report is Teoh Wuey Sze.

RUSSELL BEDFORD LC & COMPANY
AF 1237
CHARTERED ACCOUNTANTS

TEOH WUEY SZE
02831/01/2020J
CHARTERED ACCOUNTANT

Kuala Lumpur
Date: 13 April 2018

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	4	143,622,818	93,578,528	702,300	470,400
Other operating income		2,615,918	988,203	10,100,000	-
Direct costs		(5,402,052)	(10,562,466)	-	-
Changes in inventories of finished goods and work in progress		7,204,467	589,557	-	-
Raw materials and consumables used		(107,329,563)	(56,742,751)	-	-
Changes in inventories of trading merchandise		(2,215,001)	(1,673,842)	-	-
Staff costs	5	(11,206,843)	(6,458,951)	(249,654)	(70,883)
Depreciation and amortisation		(3,982,475)	(3,916,345)	-	(4,134)
Other operating expenses		(11,813,504)	(12,756,868)	(815,264)	(572,122)
Profit/(Loss) from operations	6	11,493,765	3,045,065	9,737,382	(176,739)
Finance income	7	216,922	153,832	35,491	8,387
Finance costs	8	(819,911)	(634,866)	-	-
Net finance (costs)/income		(602,989)	(481,034)	35,491	8,387
Profit/(Loss) before tax		10,890,776	2,564,031	9,772,873	(168,352)
Income tax expense	9	(2,494,053)	(505,160)	(34)	(1,979)
Net profit/(loss)/Total comprehensive income/(loss) for the year		8,396,723	2,058,871	9,772,839	(170,331)
Profit/(Loss) attributable to:					
Owners of the Company		8,346,294	2,010,770	9,772,839	(170,331)
Non controlling interest		50,429	48,101	-	-
		8,396,723	2,058,871	9,772,839	(170,331)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		8,346,294	2,010,770	9,772,839	(170,331)
Non controlling interest		50,429	48,101	-	-
		8,396,723	2,058,871	9,772,839	(170,331)
Earnings per share (sen)					
- Basic	10	0.68	0.18		
- Diluted	10	0.65	-		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Non current assets					
Property, plant and equipment	11	78,801,452	78,457,145	9	9
Land held for property development	12	-	14,059,496	-	-
Intangible assets	13	103,880	104,704	-	-
Investment in subsidiaries	14	-	-	98,114,884	96,975,271
Other investments	15	-	-	-	-
Deferred tax assets	16	-	1,035,568	-	-
		78,905,332	93,656,913	98,114,893	96,975,280
Current assets					
Inventories	17	46,929,991	33,694,645	-	-
Property development costs	18	18,576,000	-	-	-
Trade receivables	19	9,593,650	8,992,925	-	-
Other receivables, deposits and prepayments	20	8,963,061	4,182,717	51,625,362	29,758,153
Tax recoverable		964,764	2,849,141	2,000	-
Other investments	15	1,537,023	4,463,972	-	-
Derivative assets	21	321,350	-	-	-
Fixed deposits with licensed banks	22	2,190,119	2,134,939	342,348	342,348
Cash and bank balances		10,851,629	5,216,676	2,635,422	1,960,052
		99,927,587	61,535,015	54,605,132	32,060,553
Total assets		178,832,919	155,191,928	152,720,025	129,035,833

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017
cont'd

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Equity					
Share capital	23	140,686,433	114,384,458	140,686,433	114,384,458
Reserves	24	5,795,939	9,870,974	11,885,100	14,533,590
Equity attributable to owners of the Company					
		146,482,372	124,255,432	152,571,533	128,918,048
Non-controlling interest		104,888	54,459	-	-
Total equity		146,587,260	124,309,891	152,571,533	128,918,048
Non current liabilities					
Hire purchase liabilities	25	57,500	40,136	-	-
Deferred income	26	1,007,985	1,147,997	-	-
Term loan	27	8,976,334	10,130,503	-	-
Deferred tax liabilities	16	3,338,436	1,925,521	-	-
		13,380,255	13,244,157	-	-
Current liabilities					
Trade payables	28	7,412,818	5,045,218	-	-
Other payables and accruals	29	3,111,112	6,465,638	148,492	115,806
Derivative liabilities	21	-	551,581	-	-
Short term borrowings	30	8,263,326	5,308,092	-	-
Hire purchase liabilities	25	78,148	265,372	-	-
Tax payable		-	1,979	-	1,979
		18,865,404	17,637,880	148,492	117,785
Total liabilities		32,245,659	30,882,037	148,492	117,785
Total equity and liabilities		178,832,919	155,191,928	152,720,025	129,035,833

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2017

Group	Share capital	Share premium	Share Revaluation reserve	Reverse acquisition reserve	Share issuance scheme ("SIS") reserve	Treasury shares	Retained profits	Equity attributable to owners of the Company	Non-controlling interest	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2017	114,384,458	19,161,772	23,378,833	(72,050,600)	2,576,175	-	36,804,794	124,255,432	54,459	124,309,891
Transactions with owners										
Dividend paid	-	-	-	-	-	-	(1,266,040)	(1,266,040)	-	(1,266,040)
Issue of shares pursuant to										
- private placement	13,299,000	-	-	-	-	-	-	13,299,000	-	13,299,000
- bonus issue	9,738,588	(9,738,588)	-	-	-	-	-	-	-	-
- exercise of warrants	750	-	-	-	-	-	-	750	-	750
- exercise of SIS	3,263,637	-	-	-	(1,034,377)	-	-	2,229,260	-	2,229,260
Share issue expenses	-	(282,324)	-	-	-	-	-	(282,324)	-	(282,324)
Treasury shares acquired	-	-	-	-	-	(100,000)	-	(100,000)	-	(100,000)
	26,301,975	(10,020,912)	-	-	(1,034,377)	(100,000)	(1,266,040)	13,880,646	-	13,880,646
Net profit/Total comprehensive income for the year	-	-	-	-	-	-	8,346,294	8,346,294	50,429	8,396,723
At 31 December 2017	140,686,433	9,140,860	23,378,833	(72,050,600)	1,541,798	(100,000)	43,885,048	146,482,372	104,888	146,587,260

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2017
cont'd

Group	Share capital	Share premium	Revaluation reserve	Reverse acquisition reserve	Share issuance scheme ("SIS") reserve	Retained profits	Equity attributable to owners of the Company	Non-controlling interest	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2016	114,384,458	19,161,772	23,378,833	(72,050,600)	5,218,078	33,698,960	123,791,501	6,358	123,797,859
Transactions with owners									
Grant of equity settled share options to employees pursuant to SIS	-	-	-	-	(1,546,839)	-	(1,546,839)	-	(1,546,839)
- over recognition of share options expense in prior year	-	-	-	-	(1,095,064)	1,095,064	-	-	-
SIS lapsed	-	-	-	-	(2,641,903)	1,095,064	(1,546,839)	-	(1,546,839)
Net profit/Total comprehensive income for the year	-	-	-	-	-	2,010,770	2,010,770	48,101	2,058,871
At 31 December 2016	114,384,458	19,161,772	23,378,833	(72,050,600)	2,576,175	36,804,794	124,255,432	54,459	124,309,891

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2017

cont'd

Company	Share capital RM	Share premium RM	Share issuance scheme ("SIS") reserve RM	Treasury shares RM	Accumulated losses RM	Total RM
At 1 January 2017	114,384,458	19,161,772	2,576,175	-	(7,204,357)	128,918,048
Transactions with owners:						
Dividend paid	-	-	-	-	(1,266,040)	(1,266,040)
Issue of shares pursuant to						
- private placement	13,299,000	-	-	-	-	13,299,000
- bonus issue	9,738,588	(9,738,588)	-	-	-	-
- exercise of warrants	750	-	-	-	-	750
- exercise of SIS	3,263,637	-	(1,034,377)	-	-	2,229,260
Share issue expenses	-	(282,324)	-	-	-	(282,324)
Treasury shares acquired	-	-	-	(100,000)	-	(100,000)
	26,301,975	(10,020,912)	(1,034,377)	(100,000)	(1,266,040)	13,880,646
Net profit/Total comprehensive income for the year	-	-	-	-	9,772,839	9,772,839
At 31 December 2017	140,686,433	9,140,860	1,541,798	(100,000)	1,302,442	152,571,533

Company	Share capital RM	Share premium RM	Share issuance scheme ("SIS") reserve RM	Accumulated losses RM	Total RM
At 1 January 2016	114,384,458	19,161,772	5,218,078	(8,129,090)	130,635,218
Transactions with owners:					
Grant of equity settled share options to employees pursuant to SIS					
- over recognition of share options expense in prior year	-	-	(1,546,839)	-	(1,546,839)
SIS lapsed	-	-	(1,095,064)	1,095,064	-
	-	-	(2,641,903)	1,095,064	(1,546,839)
Net loss/Total comprehensive loss for the year	-	-	-	(170,331)	(170,331)
At 31 December 2016	114,384,458	19,161,772	2,576,175	(7,204,357)	128,918,048

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2017

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash flows from/(used in) operating activities				
Profit/(Loss) before tax	10,890,776	2,564,031	9,772,873	(168,352)
Adjustments for :				
Allowance for doubtful debts	224,134	1,985,664	-	-
Allowance for doubtful debts no longer required	(1,389,639)	-	-	-
Amortisation of club memberships	824	824	-	-
Bad debts written off	-	25,000	-	-
Changes in fair value of derivative liability	(872,931)	503,968	-	-
Depreciation	3,981,651	3,915,521	-	4,134
Impairment of investment in subsidiaries	-	-	110,385	-
Dividend income	(19,180)	(35,360)	(10,100,000)	-
Net fair value loss on held for trading investments	291,817	376,529	-	-
(Gain)/Loss on disposal of plant and equipment	(105,186)	865	-	-
Loss/(Gain) on foreign exchange				
- unrealised	353,081	(738,750)	-	-
Government grant income	(140,012)	(131,192)	-	-
Income distributed from financial assets at fair value through profit or loss	(63,580)	(39,409)	-	-
Interest expense	819,911	634,866	-	-
Interest income	(216,922)	(153,832)	(35,491)	(8,387)
Plant and equipment written off	1,995	297	-	-
Realised gain on foreign exchange - cash and cash equivalents	190,277	(22,938)	-	-
Grant of equity settled share options to employees pursuant to SIS				
- over recognition of share options expense in prior year	-	(1,546,839)	-	(56,700)
Operating profit/(loss) before working capital changes	13,947,016	7,339,245	(252,233)	(229,305)
(Increase)/Decrease in inventories	(13,235,346)	1,311,400	-	-
Decrease/(Increase) in investments held for trading	2,711,371	(1,705,126)	-	-
(Increase)/Decrease in trade and other receivables	(4,542,205)	5,060,622	(11,086)	1,316,684
(Decrease)/Increase in trade and other payables	(1,045,091)	2,115,000	32,686	24,832
Cash (used in)/generated from operations	(2,164,255)	14,121,141	(230,633)	1,112,211
Income tax paid	(273,047)	(411,577)	(4,013)	-
Income tax refunded	2,109,875	169,453	-	-
Net cash (used in)/from operating activities	(327,427)	13,879,017	(234,646)	1,112,211

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2017

cont'd

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash flows from/(used in) investing activities				
(Advances to)/Repayments from subsidiaries	-	-	(21,856,123)	502,460
Subscription of shares in subsidiaries	-	-	(1,249,998)	-
Deposits paid for purchase of plant and equipment	-	(31,725)	-	-
Dividends received	19,180	35,360	10,100,000	-
Government grants received	-	264,577	-	-
Increase in fixed deposits pledged	(38,326)	(38,886)	-	-
Interest received	216,922	153,832	35,491	8,387
Increase in land held for property development	(4,516,504)	(13,650,445)	-	-
Proceeds from disposal of plant and equipment	105,188	47	-	-
Purchase of other investments	(12,659)	(648,500)	-	-
Purchase of plant and equipment	(4,196,230)	(3,315,846)	-	-
Net cash (used in)/from investing activities	(8,422,429)	(17,231,586)	(12,970,630)	510,847
Cash flows from/(used in) financing activities				
Dividend paid	(1,266,040)	-	(1,266,040)	-
Interest paid	(819,911)	(846,444)	-	-
Proceeds from trade finance	-	4,000,000	-	-
Proceeds from issuance of shares	15,529,010	-	15,529,010	-
Payment for share buy back	(100,000)	-	(100,000)	-
Share issue expenses	(282,324)	-	(282,324)	-
Repayments of trade finance	-	(4,000,000)	-	-
Repayments of term loans	(1,041,644)	(893,670)	-	-
Repayments of hire purchase liabilities	(269,860)	(590,429)	-	-
Net cash from/(used in) financing activities	11,749,231	(2,330,543)	13,880,646	-
Net increase/(decrease) in cash and cash equivalents	2,999,375	(5,683,112)	675,370	1,623,058
Cash and cash equivalents at beginning of year	1,737,320	7,397,494	2,302,400	679,342
Effect of exchange differences	(190,277)	22,938	-	-
Cash and cash equivalents at end of year	4,546,418	1,737,320	2,977,770	2,302,400

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2017
cont'd

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash and cash equivalents comprise:				
Cash and bank balances	10,851,629	5,216,676	2,635,422	1,960,052
Fixed deposits with licensed banks	2,190,119	2,134,939	342,348	342,348
Bank overdraft	(7,174,974)	(4,332,265)	-	-
	5,866,774	3,019,350	2,977,770	2,302,400
Less: Fixed deposits pledged	(1,320,356)	(1,282,030)	-	-
	4,546,418	1,737,320	2,977,770	2,302,400

Reconciliation of liabilities arising from financing activities - Group

	2016	Cash flows	Non-cash	2017
	RM		RM	
Hire purchase liabilities	305,508	(269,860)	100,000	135,648
Term loans	11,106,330	(1,041,644)	-	10,064,686
Total liabilities from financing activities	11,411,838	(1,311,504)	100,000	10,200,334

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

1. GENERAL INFORMATION

The Company is principally an investment holding company and is also engaged in the business of computer software development, maintenance and support services.

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business is located at D61-3A, Block D, Jaya One, 72A, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue by the board of directors on 13 April 2018.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements of the Group and the Company have been prepared and presented in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards.

The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

2.2 Basis of preparation of the financial statements

2.2.1 Basis of accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised below.

The Group has adopted the new and revised Malaysian Financial Reporting Standards (“MFRSs”) and IC Interpretations that become mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC Interpretations does not result in significant changes in accounting policies of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.1 Basis of accounting *cont'd*

The Group has not adopted the new standards, amendments to published standards and IC Interpretations that have been issued but not yet effective. These new standards, amendments to published standards and IC Interpretations do not result in significant changes in accounting policies of the Group upon their initial application other than the following:

- i. MFRS 9 Financial Instruments (effective for financial periods beginning on or after 1 January 2018)

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at the inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- ii. MFRS 15 Revenue from Contracts with Customers (effective for financial periods beginning on or after 1 January 2018)

MFRS 15 supersedes MFRS 118 Revenue and introduces a new principle of revenue recognition. The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. MFRS 15 established the core principle of revenue recognition by applying the following five (5) steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

MFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the Group's contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.1 Basis of accounting *cont'd*

iii. MFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019)

The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance lease under MFRS 117. The standard includes two recognition exemptions for lessees – leases of low value assets and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right of use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change of lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right of use asset.

Lessor accounting is substantially unchanged. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of lease which is operating and finance leases.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted but not before the entity applies MFRS 15.

The Group is in the process of making an assessment of where the impact of the above new standards is expected to be in the period of initial application.

2.2.2 Significant accounting policies

Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.2 Significant accounting policies *cont'd*

Basis of consolidation cont'd

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

For each business combination, non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at the present ownership instruments' proportionate share of the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs.

Any excess of the sum of their fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), over the net fair value of the acquiree's net identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the reporting period between non-controlling interests and the owners of the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.2 Significant accounting policies *cont'd*

Basis of consolidation *cont'd*

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Business Combination - Reverse Acquisition

For business combination, one of the entities shall be identified as the acquirer. In a reverse acquisition, the legal acquirer is identified as the acquiree for accounting purposes. Consolidated financial statements prepared following a reverse acquisition are issued under the name of legal acquirer (accounting acquiree) but described as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree. Comparative information presented in the consolidated financial statements is also retroactively adjusted to reflect the legal capital of the legal parent (accounting acquiree).

Revenue and income recognition

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised upon delivery of goods and the risk and rewards of ownership have passed to the customers.

Revenue from services rendered is recognised when the services are rendered.

Revenue from sale of investments is recognised upon confirmation of transactions by the stockbrokers.

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income is recognised as it accrues (using the effective interest rate method) unless collectibility is in doubt.

Rental income is recognised as it accrues unless collectibility is in doubt.

Foreign currencies

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.2 Significant accounting policies *cont'd*

Foreign currencies cont'd

The principal exchange rates for every unit of foreign currency ruling at reporting date used are as follows:

	2017	2016
	RM	RM
United States Dollar	4.048	4.486
Euro	4.844	4.720

Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Obligations for contribution to defined contribution plans such as Employees Provident Fund are recognised as an expense in profit or loss as incurred.

(iii) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with the employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the share issuance scheme reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimates of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised at the beginning and end of the reporting period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.2 Significant accounting policies *cont'd*

Employee benefits *cont'd*

(iii) Employee share option plans *cont'd*

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertakings, with a corresponding credit to the share issuance scheme reserve.

The share issuance scheme reserve is transferred to share capital when the share options are exercised, or transferred to retained earnings upon expiry of the share options.

Income tax

Income tax on the profit or loss for the reporting period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the 'liability' method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the reporting period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Impairment of non financial assets

The carrying amount of non financial assets subject to accounting for impairment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses is recognised in profit or loss in the reporting period in which it arises, unless, the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in asset revaluation reserve for the same asset.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.2 Significant accounting policies *cont'd*

Impairment of non financial assets *cont'd*

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as an income to the extent that it reverses a revaluation decrease of the same property previously charged to profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

The Group adopted the revaluation method to measure its entire class of land and buildings. Freehold land and buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated depreciation and impairment losses, if any. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Freehold land and buildings are revalued at a regular interval of every five (5) years with additional valuations in the interval years where market conditions indicate that the carrying amounts of the revalued buildings materially differ from the market value.

An increase arising from revaluation is recognised in other comprehensive income and accumulated in equity under revaluation reserve. Any decrease arising is first offset against the revaluation surplus on an earlier valuation in respect of the same property and thereafter charged to profit or loss.

A revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same property previously charged as an expense. Upon the disposal of revalued assets, the amounts in revaluation reserve relating to those assets are transferred directly to retained profits.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.2 Significant accounting policies *cont'd*

Property, plant and equipment and depreciation *cont'd*

Any accumulated depreciation and impairment losses as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

No depreciation is provided on freehold land. No depreciation is also provided on plant and machinery under construction until the asset is ready for its intended use.

Depreciation on other property, plant and equipment is calculated to write off the cost of the assets to its residual value on a straight line basis at the following annual rates based on their estimated useful lives:

Freehold buildings	2%
Furniture, fittings, office and factory equipment	10% - 20%
Motor vehicles	20%
Plant and machinery	10% - 20%
Renovation	10%

The residual values, useful lives and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

Development property costs

(i) Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken other than earthwork, infrastructure work and professional fees incurred to put the land ready for development or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at the lower of cost and net realisable value.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable selling expenses.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.2 Significant accounting policies *cont'd*

Development property costs *cont'd*

(ii) Property development costs

Property development costs are determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisation value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

i. Golf club memberships

Golf club memberships acquired which are determined to have an indefinite life are not amortised as management believes there is no foreseeable limit to the period over which their benefits can be utilised.

Other golf club memberships with finite useful life is amortised on a straight line basis over the finite useful life of 85 years.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.2 Significant accounting policies *cont'd*

Investment in subsidiaries

Subsidiary is a company controlled by the Company. Control exists when the Company has power over its investee, exposed or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

The Company's investment in subsidiaries is stated at cost less impairment losses, if any.

Inventories

Inventories comprising raw materials, work in progress, finished goods and trading merchandise are stated at the lower of cost and net realisable value. Cost of inventories is determined on a first in, first out basis. Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Cost of trading merchandise and raw materials comprises the cost of purchase plus the cost of bringing the inventories to their present location and condition. Cost of work in progress and finished goods comprise the cost of raw materials used, direct labour, other direct costs and appropriate production overheads.

Government grants

Government grants related to assets are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Government grants that compensate the Group for the cost of an asset are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Leases

Assets acquired under leases or hire purchase which transfers substantially all the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the leased assets at the inception of the respective leases.

Finance costs, which represent the difference between the total lease commitments and the fair values of the assets acquired, are recognised in profit or loss over the term of the relevant lease periods so as to give a constant periodic rate of charge on the remaining balance of the obligations for each reporting period.

All other leases which do not meet such criteria are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight line basis over the terms of the relevant lease.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.2 Significant accounting policies *cont'd*

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the reporting period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Financial instruments

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

Financial assets are classified as either at fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale, as appropriate. Financial liabilities are classified as either at fair value through profit or loss (derivative financial liabilities) or at amortised cost (borrowings and trade and other payables), as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.2 Significant accounting policies *cont'd*

Financial instruments cont'd

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Available for sale financial assets

Available for sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available for sale financial assets are measured at fair value. Any gains or losses in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The accumulated gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Dividends on available for sale equity instruments are recognised in profit or loss when the Company's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017
cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.2 Significant accounting policies *cont'd*

Financial instruments cont'd

(iii) Available for sale financial assets *cont'd*

Available for sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(iv) Payables

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(v) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Any gains or losses arising from changes in fair value on derivatives during the reporting period that do not qualify for hedge accounting are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

A derivative is presented as a current asset or a current liability unless the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

(vi) Interest bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(vii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.2 Significant accounting policies *cont'd*

Financial instruments *cont'd*

(viii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the reporting period in which they are approved.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or resissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised directly in equity.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Impairment of financial assets

Financial assets, designated other than at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period.

(i) Loans and receivables

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increased in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.2 Significant accounting policies *cont'd*

Impairment of financial assets cont'd

(i) Loans and receivables *cont'd*

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss through the use of an allowance account. When a debtor becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Available for sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available for sale financial assets are impaired.

If available for sale financial assets is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available for sale equity investments are not reversed in profit or loss in the subsequent reporting periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

2.2 Basis of preparation of the financial statements *cont'd*

2.2.2 Significant accounting policies *cont'd*

Statements of cash flows

Statements of cash flows are prepared using the indirect method.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of fixed deposits pledged and bank overdraft.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the preparation of the financial statements, the directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, which are described above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the date of financial statements, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period other than as follows:

(a) Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. Changes in the expected level of use of the assets and the Group's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets. Therefore, future depreciation charges could be revised.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the trade and other receivables and default or significant delay in payments.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017
cont'd

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *cont'd*

(b) Impairment of loans and receivables *cont'd*

Where there is objective evidence of impairment, the impairment loss is determined based on the estimated future cash flows discounted at the financial asset's original effective interest rate.

4. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Management fees	-	-	702,300	470,400
Manufacturing	129,472,340	75,820,647	-	-
Proprietary solutions and software maintenance	705,508	1,235,031	-	-
Trading of goods	5,183,860	3,402,187	-	-
Trading of shares	5,542,045	10,687,293	-	-
Laundry services	2,719,065	2,328,870	-	-
Project management services	-	104,500	-	-
	<u>143,622,818</u>	<u>93,578,528</u>	<u>702,300</u>	<u>470,400</u>

5. STAFF COSTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, wages, bonus and allowances	10,292,675	7,113,885	230,926	125,310
Defined contribution plan	747,288	576,880	13,836	2,016
Share options expense				
- over recognition of share options expense in prior year	-	(1,546,839)	-	(56,700)
Other employee related expenses	166,880	315,025	4,892	257
	<u>11,206,843</u>	<u>6,458,951</u>	<u>249,654</u>	<u>70,883</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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6. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) from operations is arrived at after charging/(crediting):				
Allowance for doubtful debts	224,134	1,985,664	-	-
Auditors' remuneration				
- statutory audit				
- current year	123,000	121,400	40,000	42,400
- (over)/under provision in prior years	(2,000)	8,000	(2,000)	-
Changes in fair value of derivative financial instruments	(872,931)	503,968	-	-
Bad debts written off	-	25,000	-	-
Directors' remuneration				
- directors of the Company				
- fees	115,200	96,000	115,200	96,000
- others	921,120	496,440	24,000	12,600
- directors of the subsidiary				
- others	884,800	494,020	-	-
(Gain)/Loss on disposal of plant and equipment	(105,186)	865	-	-
Loss/(Gain) on foreign exchange				
- realised	558,693	534,322	-	-
- unrealised	353,081	(738,750)	-	-
Net fair value loss on held for trading investments	291,817	376,529	-	-
Plant and equipment written off	1,995	297	-	-
Operating lease expense of				
- equipment	147,220	181,282	-	-
- premises	158,162	167,016	1,902	2,016
- shoplot	776,781	681,600	-	-
Dividend income from				
- other investments	(19,180)	(35,360)	-	-
- a subsidiary	-	-	(10,100,000)	-
Income distributed from financial assets at fair value through profit or loss	(63,580)	(39,409)	-	-
Rental income from car wash	-	(19,094)	-	-
Rental income from food stall	-	(2,504)	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017
cont'd

6. PROFIT/(LOSS) FROM OPERATIONS *cont'd*

The key management personnel of the Company whose remuneration is analysed as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of the Company				
Executive directors:				
Salaries, bonus and allowances	801,000	432,000	-	-
Defined contribution plan	96,120	51,840	-	-
Benefits-in-kind	66,350	69,550	-	-
	<u>963,470</u>	<u>553,390</u>	-	-
Non executive directors:				
Fees	115,200	96,000	115,200	96,000
Salaries, bonus and allowances	24,000	12,600	24,000	12,600
	<u>139,200</u>	<u>108,600</u>	<u>139,200</u>	<u>108,600</u>
Total directors' remuneration	<u>1,102,670</u>	<u>661,990</u>	<u>139,200</u>	<u>108,600</u>

The number of directors of the Company where total remuneration (including benefits in kind) during the reporting period falls within the following bands is analysed as follows:

	2017 RM	2016 RM
Executive directors:		
RM200,001 to RM250,000	-	2
RM350,001 to RM400,000	1	-
RM400,001 to RM450,000	1	-
	<u>2</u>	<u>2</u>
Non executive directors:		
Below RM50,000	3	3
	<u>3</u>	<u>3</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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7. FINANCE INCOME

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest income from current account deposits	161,742	47,063	35,491	700
Interest income from fixed deposits	55,180	106,769	-	7,687
	216,922	153,832	35,491	8,387

8. FINANCE COSTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expenses on:				
- bank overdrafts	379,966	214,102	-	-
- bankers acceptance	-	12,487	-	-
- hire purchase	12,560	32,112	-	-
- term loan	518,356	587,743	-	-
	910,882	846,444	-	-
Less: amount capitalised in land held for property development	(90,971)	(211,578)	-	-
	819,911	634,866	-	-

9. INCOME TAX EXPENSE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Estimated income tax payable				
- current year	(56,804)	(53,567)	(34)	(1,979)
- over/(under) provision in prior years	11,234	(2,995)	-	-
	(45,570)	(56,562)	(34)	(1,979)
Deferred taxation (Note 16)				
- current year	(2,649,803)	(532,447)	-	-
- over provision in prior years	201,320	83,849	-	-
	(2,448,483)	(448,598)	-	-
	(2,494,053)	(505,160)	(34)	(1,979)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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10. EARNINGS PER SHARE

10.2 Diluted earnings per share

Diluted earnings per share for the reporting period ended 31 December 2017 is calculated based on the net profit attributable to ordinary shareholders and weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group 2017 RM
Net profit attributable to owners of the Company	8,346,294
Weight average number of ordinary shares - basic	1,234,772,203
Adjustment for conversion of Warrants and Share Issuance Scheme deemed to be issued at no consideration	56,157,737
Weighted average number of ordinary shares – diluted	1,290,929,940
Diluted earnings per share (sen)	0.65

The average market value of the Company's shares for purpose of calculating the dilutive effect of the share options was based on quoted market prices for the period during which the options were outstanding.

For the reporting period ended 31 December 2016, diluted earnings per share are not presented in the financial statements as the fair value of the ordinary shares of the Company during the reporting period approximates the exercise price of the warrants and share options. These potential ordinary shares have a diluted effect only if the fair value of the ordinary shares during the reporting period exceeds the exercise price of these potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017
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11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land (at valuation) RM	Freehold buildings (at valuation) RM	Furniture, fittings, office and factory equipment RM	Motor vehicles RM	Plant and machinery RM	Plant and machinery under construction RM	Renovation RM	Total RM
Cost (unless otherwise indicated)								
At 1 January 2016	39,936,734	17,384,800	6,952,087	7,812,421	18,917,824	873,516	7,588,080	99,465,462
Additions	-	-	721,733	-	606,351	-	931,490	2,259,574
Disposals	-	-	(4,559)	-	-	-	-	(4,559)
Write offs	-	-	(3,579)	-	-	-	-	(3,579)
Reclassification	-	-	-	-	873,516	(873,516)	-	-
At 31 December 2016	39,936,734	17,384,800	7,665,682	7,812,421	20,397,691	-	8,519,570	101,716,898
Additions	-	-	643,844	452,087	701,968	1,714,725	815,331	4,327,955
Disposals	-	-	-	(344,387)	-	-	-	(344,387)
Write offs	-	-	(15,788)	-	-	-	-	(15,788)
At 31 December 2017	39,936,734	17,384,800	8,293,738	7,920,121	21,099,659	1,714,725	9,334,901	105,684,678
Accumulated depreciation								
At 1 January 2016	-	56,650	3,143,390	6,019,132	8,499,436	-	1,632,553	19,351,161
Charge for the year	-	359,464	599,578	579,202	1,574,378	-	802,899	3,915,521
Disposals	-	-	(3,647)	-	-	-	-	(3,647)
Write offs	-	-	(3,282)	-	-	-	-	(3,282)
At 31 December 2016	-	416,114	3,736,039	6,598,334	10,073,814	-	2,435,452	23,259,753
Charge for the year	-	347,701	644,864	533,685	1,593,221	-	862,180	3,981,651
Disposals	-	-	-	(344,385)	-	-	-	(344,385)
Write offs	-	-	(13,793)	-	-	-	-	(13,793)
At 31 December 2017	-	763,815	4,367,110	6,787,634	11,667,035	-	3,297,632	26,883,226
Carrying amount								
At 31 December 2017	39,936,734	16,620,985	3,926,628	1,132,487	9,432,624	1,714,725	6,037,269	78,801,452
At 31 December 2016	39,936,734	16,968,686	3,929,643	1,214,087	10,323,877	-	6,084,118	78,457,145

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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11. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company	Furniture, fittings and equipment RM	Computer and printers RM	Renovation RM	Total RM
Cost				
At 1 January 2016/ 31 December 2016/ 31 December 2017	7,449	35,482	39,609	82,540
Accumulated depreciation				
At 1 January 2016	7,272	35,477	35,648	78,397
Charge for the year	174	-	3,960	4,134
At 31 December 2016/ 31 December 2017	7,446	35,477	39,608	82,531
Carrying amount				
At 31 December 2016/2017	3	5	1	9

11.1 At the reporting date:

- (i) The property, plant and equipment of the Group which have been charged as collaterals to secure the banking facilities and term loan referred to in Note 30 are as follows:

	Group	
	2017 RM	2016 RM
<u>At carrying amount</u>		
Freehold land	39,000,000	39,000,000
Freehold buildings	16,308,035	16,648,036
	<u>55,308,035</u>	<u>55,648,036</u>

- (ii) Plant and equipment under hire purchase arrangements are:

	Group	
	2017 RM	2016 RM
<u>At carrying amount</u>		
Motor vehicles	565,925	753,127

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

cont'd

11. PROPERTY, PLANT AND EQUIPMENT *cont'd*

11.2 During the reporting period, cash payments made to purchase plant and equipment are as follows:

	Group	
	2017	2016
	RM	RM
Total additions	4,327,955	2,259,574
Payments for other payables brought forward	-	1,106,272
Additions through:		
- hire purchase arrangements	(100,000)	-
- deposits paid in previous reporting period	(31,725)	(50,000)
Cash payments	4,196,230	3,315,846

11.3 Revaluation

The freehold land and buildings of the Group were revalued on 12 October 2015 and 8 March 2016 by the directors based upon valuations carried out by independent professional valuers using the fair value method which is determined by reference to open market values on an existing use basis. Details of valuation techniques and inputs are disclosed in Note 35.2.

The revaluation surplus net of tax was credited to other comprehensive income and shown in revaluation reserve as explained in Note 24.

Had the freehold land and buildings been carried at historical cost, the carrying amount of the freehold land and buildings that would have been included in the financial statements of the Group as at reporting date would be as follows:

	Group	
	2017	2016
	RM	RM
Freehold land	18,166,036	18,166,036
Freehold buildings	13,004,057	16,900,662
	31,170,093	35,066,698

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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12. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2017	2016
	RM	RM
At beginning of year	14,059,496	-
Additions during the year:		
Freehold land cost	1,719,852	9,773,668
Development costs	2,796,652	4,285,828
	4,516,504	14,059,496
Transfer to property development costs (Note 18)	(18,576,000)	-
At end of year	-	14,059,496

13. INTANGIBLE ASSETS

	Group	
	2017	2016
	RM	RM
Golf club membership		
At cost		
At beginning/end of year	108,000	108,000
Accumulated amortisation		
At beginning of year	3,296	2,472
Charge for the year	824	824
At end of year	4,120	3,296
Carrying amount	103,880	104,704

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017
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14. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	RM	RM
Unquoted shares at cost		
At beginning of year	98,717,859	100,207,998
Share options granted pursuant to SIS		
- over recognition of share options granted pursuant to SIS in prior year	-	(1,490,139)
Subscription of additional shares in an existing subsidiary	999,998	-
Incorporation of a new subsidiary	250,000	-
At end of year	<u>99,967,857</u>	<u>98,717,859</u>
Accumulated impairment losses		
At beginning of year	1,742,588	1,742,588
Impairment during the year	110,385	-
At end of year	<u>1,852,973</u>	<u>1,742,588</u>
Carrying amount	<u>98,114,884</u>	<u>96,975,271</u>

Impairment of investment in subsidiaries

During the reporting period, the directors performed an impairment test on JAG Systems Sdn Bhd and impairment loss of RM110,385 had been recognised to write down the investment to its recoverable amount.

The recoverable amount is determined based on the fair value less costs of disposal (arrived at based on the audited net assets) of the subsidiary and the amount of impairment loss had been recognised in profit or loss under "Other operating expenses" line item.

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14. INVESTMENT IN SUBSIDIARIES *cont'd*

The details of the subsidiaries are as follows:

Subsidiaries of the Company	Country of incorporation	Group's effective interest		Principal activities
		2017	2016	
JAG Systems Sdn Bhd	Malaysia	100%	100%	Computer software development, marketing, maintenance and support services
JAG Capital Equity Sdn Bhd	Malaysia	100%	100%	Investment trading company
Jaring Metal Industries Sdn Bhd	Malaysia	100%	100%	Recycling and manufacturing activities of extraction, production and refinery of ferrous, non-ferrous and precious metals via the recovery and reclamation of industrial and electronic waste and the trading of ferrous and non-ferrous metals
JAG Land Sdn Bhd	Malaysia	100%	100%	Buy, sell, rent and operate self-owned or leased real estate land, property development and project management
JAG Development (Perak) Sdn Bhd	Malaysia	100%	-	Dormant
Subsidiary of Jaring Metal Industries Sdn Bhd				
JAG Nasmeh Sdn Bhd	Malaysia	80%	80%	Operating twenty-four (24) hour coin-operated laundry business

Acquisition of a subsidiary and additional subscription of shares in a subsidiary

During the reporting period:

- (a) The Company subscribed for additional 999,998 ordinary shares for a cash consideration of RM999,998 in JAG Land Sdn Bhd ("JAGL"). Upon the subscription, JAGL remains a wholly-owned subsidiary of the Company.
- (b) The Company incorporated a new wholly-owned subsidiary, JAG Development (Perak) Sdn Bhd ("JAGD") by subscribing to 250,000 ordinary shares representing 100% of the issued and paid-up share capital of JAGD for a cash consideration of RM250,000. JAGD is intended to carry out the principal activities of property developer, real estate project development, building constructor and property investment.

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15. OTHER INVESTMENTS

	Group	
	2017 RM	2016 RM
Non current assets		
Available for sale financial assets:		
Unquoted shares at cost		
Ordinary shares	250,000	250,000
Irredeemable convertible preference shares	650,000	650,000
	900,000	900,000
Accumulated impairment losses		
At beginning/end of year	900,000	900,000
	-	-
Carrying amount		
Current assets		
Financial assets at fair value through profit or loss		
Held for trading		
- equity instruments (quoted in Malaysia)	812,284	3,815,472
Designated at fair value through profit or loss		
- unquoted mutual funds in Malaysia	724,739	648,500
	1,537,023	4,463,972

The investment in unquoted mutual funds relate to portfolio of money market fund investments placed with a licensed financial institution. These funds aim to provide a regular stream of monthly income through direct investment in short term money market instruments and other fixed income instruments. The funds objective is to maintain its net assets per unit at a prescribed rate so that there shall be a minimum fluctuation to the fair value of the investments. These investments could be redeemed for cash from the funds within a short notice period.

The method and assumptions applied in determining the fair value of the unquoted funds are disclosed in Note 35.2.

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16. DEFERRED TAX (ASSETS)/LIABILITIES *cont'd*

The analysis of unrecognised deductible temporary differences, unused tax losses and unused tax credits is as follows:

	Group			
	Gross		Tax effects	
	2017	2016	2017	2016
	RM	RM	RM	RM
Net fair value losses on held for trading investment	291,800	375,000	70,000	90,000
Unabsorbed capital allowances	1,628,400	1,595,200	390,800	382,600
Unutilised business losses	4,684,100	4,645,000	1,124,200	1,114,800
	<u>6,604,300</u>	<u>6,615,200</u>	<u>1,585,000</u>	<u>1,587,400</u>

	Company			
	Gross		Tax effects	
	2017	2016	2017	2016
	RM	RM	RM	RM
Unabsorbed capital allowances	1,566,600	1,568,000	376,000	376,000
Unutilised business losses	2,186,300	2,515,000	524,700	604,000
Deferred tax assets not recognised	<u>3,752,900</u>	<u>4,083,000</u>	<u>900,700</u>	<u>980,000</u>

Portion of the deferred tax assets of the Group and the Company have not been recognised as it is not probable that taxable profit will be available in the foreseeable future to utilise these tax benefits.

17. INVENTORIES

	Group	
	2017	2016
	RM	RM
At cost:		
Trading merchandise	170,940	659,369
Raw materials	23,500,717	16,981,408
Work in progress	716,666	1,450,116
Finished goods	22,541,668	14,603,752
	<u>46,929,991</u>	<u>33,694,645</u>
Amount of inventories recognised as an expense	<u>114,808,604</u>	<u>57,827,036</u>

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18. PROPERTY DEVELOPMENT COSTS

	Group	
	2017 RM	2016 RM
At beginning of year	-	-
Transfer from land held for property development (Note 12)		
- Freehold land costs	11,493,520	-
- Development costs	7,082,480	-
	18,576,000	-
At end of year	18,576,000	-
Carrying amount of property development costs	18,576,000	-

19. TRADE RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Third parties	12,867,575	13,432,355	25,000	25,000
Amount due from a company in which a director has interest	104,500	104,500	-	-
	12,972,075	13,536,855	25,000	25,000
Less: Allowance for doubtful debts	(3,378,425)	(4,543,930)	(25,000)	(25,000)
	9,593,650	8,992,925	-	-

The Group's normal trade credit terms range from 30 days to 90 days (2016: 30 days to 90 days). Other credit terms are assessed and approved on a case by case basis.

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19. TRADE RECEIVABLES *cont'd*

The following table provides information on the trade receivables credit risk exposure:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Not impaired or past due	6,519,759	1,619,324	-	-
1 - 30 days past due not impaired	1,198,003	986,366	-	-
31 - 60 days past due not impaired	885,281	88,041	-	-
More than 60 days past due not impaired	990,607	6,299,194	-	-
	9,593,650	8,992,925	-	-
Impaired	3,378,425	4,543,930	25,000	25,000
	12,972,075	13,536,855	25,000	25,000

Trade receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

These receivables are not secured by any collateral or credit enhancements.

The movements in the allowance for doubtful debts accounts for trade receivables that are individually impaired at reporting date is as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At beginning of year	4,543,930	3,096,118	25,000	1,331,439
Allowance during the year	224,134	1,447,812	-	-
Allowance no longer required	(1,389,639)	-	-	-
Transfer to other receivables	-	-	-	(1,306,439)
At end of year	3,378,425	4,543,930	25,000	25,000

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20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Advance payments to suppliers	2,838,671	2,770,684	-	-
Amount due from a company in which certain directors of a subsidiary have interests (Note 20.1)	7,127	7,127	90,564	90,564
Amount due from subsidiaries (Note 20.2)	-	-	53,918,623	32,062,500
Deposits paid for purchase of plant and equipment	100,000	131,725	-	-
Goods and services tax recoverable	3,564,704	800,460	-	-
Others	3,096,615	1,116,777	15,187	4,101
	9,607,117	4,826,773	54,024,374	32,157,165
Less: Allowance for doubtful debts (Note 20.3)	(644,056)	(644,056)	(2,399,012)	(2,399,012)
	8,963,061	4,182,717	51,625,362	29,758,153

20.1 Amount due from a company in which a director of the Company has an interest

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unsecured interest free advances receivable on demand	7,127	7,127	90,564	90,564
Less: Allowance for doubtful debts	(7,127)	(7,127)	(90,564)	(90,564)
	-	-	-	-

20.2 Amount due from subsidiaries

The amount due from subsidiaries represents:

	Company	
	2017 RM	2016 RM
Unsecured interest free advances receivable on demand	53,918,623	32,062,500
Less: Allowance for doubtful debts	(2,308,448)	(2,308,448)
	51,610,175	29,754,052

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20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *cont'd*

20.3 Allowance for doubtful debts

The movements in the allowance for doubtful debts accounts for other receivables that are individually impaired at reporting date are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At beginning of year	644,056	106,204	2,399,012	1,092,573
Allowance during the year	-	537,852	-	-
Transfer from trade receivables	-	-	-	1,306,439
At end of year	644,056	644,056	2,399,012	2,399,012

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

These receivables are not secured by any collateral or credit enhancements.

21. DERIVATIVE ASSETS/(LIABILITIES)

	Group	
	2017 RM	2016 RM
Derivative held for trading at fair value through profit or loss		
- commodity future purchase contracts (net)	275,483	-
- forward foreign exchange sale contracts	45,867	(551,581)
	321,350	(551,581)

The Group uses forward currency contracts to manage the transaction exposure of the Company's sales denominated in United States Dollar and uses the commodity future contracts to manage the metal commodity price fluctuations.

These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with transaction exposure. Such derivative does not qualify for hedge accounting. The derivative contracts have maturity of less than one year after the reporting date.

During the reporting period, the Company recognised a gain of RM872,931 (2016: a loss of RM503,968) arising from fair value changes of derivative assets/(liabilities). The fair value changes are attributable to changes in foreign exchange rate and commodity price. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 35.2.

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21. DERIVATIVE ASSETS/(LIABILITIES) *cont'd*

The notional principal amounts of the outstanding contracts are as follows:

	Group	
	2017	2016
	RM	RM
Commodity future purchase contracts	5,551,551	-
Commodity future sale contracts	4,007,632	-
Forward foreign exchange sale contracts	1,668,050	9,087,248

22. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits of the Group amounting to RM1,320,356 (2016: RM1,282,030) have been pledged with a licensed bank to secure the banking facilities referred to in Note 30.

23. SHARE CAPITAL

	Group and Company			
	2017	2016	2017	2016
	No. of ordinary shares	No. of ordinary shares	RM	RM
Issued and fully paid:				
At beginning of year	1,143,844,587	1,143,844,587	114,384,458	114,384,458
Issuance of shares pursuant to:				
- private placement	114,400,000	-	13,299,000	-
- bonus issues	97,385,881	-	9,738,588	-
- exercise of warrants	7,500	-	750	-
- exercise of SIS	22,292,600	-	3,263,637	-
	234,085,981	-	26,301,975	-
At end of year	1,377,930,568	1,143,844,587	140,686,433	114,384,458

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. In respect of the Company's treasury shares, all rights are suspended until those shares are reissued.

23.1 Warrants 2014/2019

The Company had on 15 August 2014 issued 324,904,271 free Warrants 2014/2019 in conjunction with its bonus issue of shares. The Warrants 2014/2019 are constituted by a Deed Poll dated 30 July 2014 ("Deed Poll 2014/2019").

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23. SHARE CAPITAL *cont'd*

23.1 Warrants 2014/2019 *cont'd*

The salient features of the Warrants 2014/2019 are as follows:

- (a) The issue date of the Warrants is on 15 August 2014 and the expiry date is on 14 August 2019. Any Warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;
- (b) Each Warrant entitles the registered holder the right to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.10 per ordinary share until the expiry of the exercise period;
- (c) The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll 2014/2019. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary shares in the Company;
- (d) The Warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), unless and until such Warrant holders exercise their rights to subscribe for new ordinary shares; and
- e) The new ordinary shares to be issued upon exercise of the Warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

The movements in the Company's Warrants 2014/2019 during the reporting period are as follows:

	Entitlement for ordinary shares				Balance at 31.12.2017 '000
	Balance at 1.1.2017 '000	Adjustment '000	Exercised '000	Expired '000	
Number of unexercised warrants	294,704	22,668	(7)	-	317,365

23.2 Warrants 2017/2020

The Company had on 16 November 2017 issued 194,771,762 free Warrants 2017/2020 in conjunction with the bonus issue of shares. The Warrants 2017/2020 are constituted by a Deed Poll dated 30 October 2017 ("Deed Poll 2017/2020").

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23. SHARE CAPITAL *cont'd*

23.2 Warrants 2017/2020 *cont'd*

The salient features of the Warrants 2017/2020 are as follows:

- (a) The issue date of the Warrants is on 16 November 2017 and the expiry date is on 15 November 2020. Any Warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;
- (b) Each Warrant entitles the registered holder the right to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.15 per ordinary share until the expiry of the exercise period;
- (c) The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll 2017/2020;
- (d) The Warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), unless and until such Warrant holders exercise their rights to subscribe for new ordinary shares; and
- (e) The new ordinary shares to be issued upon exercise of the Warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

The movements in the Company's Warrants 2017/2020 during the reporting period are as follows:

	Entitlement for ordinary shares				Balance at 31.12.2017 '000
	Balance at 1.1.2017 '000	Issued '000	Exercised '000	Expired '000	
Number of unexercised warrants	-	194,772	-	-	194,772

23.3. Share Issuance Scheme

The Company implemented a Share Issuance Scheme ("SIS") which is governed by the SIS By-Laws and was approved by its shareholders at the Extraordinary General Meeting held on 15 June 2015.

The salient features of the SIS are as follows:

- (a) The SIS was implemented on 1 July 2015 and is in force for a period of 5 years until 30 June 2020 in accordance with the terms of the SIS By-Laws;
- (b) The total number of new shares to be offered pursuant to the SIS shall be subject to a maximum of 30% of the Company's issued and paid up share capital (excluding treasury shares) at any one time;

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23. SHARE CAPITAL *cont'd*

23.3. Share Issuance Scheme *cont'd*

- (c) Any employee of the Group shall be eligible to participate in the SIS and qualify for selection by the Option Committee if, as at the date of offer, such employee:
- (i) is at least eighteen (18) years of age;
 - (ii) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (iii) is employed on full-time basis and is on the payroll of a company in the Group, which is not dormant and has not served a notice to resign or received a notice of termination;
 - (iv) is confirmed in writing as a full time employee; and
 - (v) falls within any other criteria that the Option Committee may from time to time determine at its absolute discretion.

The allocation criteria of new ordinary shares comprised in the options to eligible employees shall be determined at the discretion of the Option Committee;

- (d) The exercise price of SIS shall be based on the weighted average market price of the Company's shares as shown in the Daily Official List of Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer with an allowance of a discount of not more than 10%, or at the par value of the Company's share, whichever is higher;
- (e) The new ordinary shares to be issued upon exercise of the SIS, shall upon allotment and issuance, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the SIS; and
- (f) The exercise price and the number of new ordinary shares comprised in the SIS are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the SIS By-Laws. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company.

The movements in the Company's SIS are as follows:

Offer Date	Number of options over ordinary shares				Balance at 31.12.2017 '000
	Balance at 1.1.2017 '000	Adjustment '000	Exercised '000	Lapsed '000	
	1 July 2015	50,785	3,307	(22,293)	

The weighted average share price, at the date of exercise of the options, was RM0.11 and the weighted average exercise price of the outstanding options is RM0.10.

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24. RESERVES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Retained profits/(Accumulated losses)	43,885,048	36,804,794	1,302,442	(7,204,357)
Non-distributable				
Revaluation reserve (Note 24.1)	23,378,833	23,378,833	-	-
Reverse acquisition reserve (Note 24.2)	(72,050,600)	(72,050,600)	-	-
Share issuance scheme reserve (Note 24.3)	1,541,798	2,576,175	1,541,798	2,576,175
Treasury shares (Note 24.4)	(100,000)	-	(100,000)	-
Share premium (Note 24.5)	9,140,860	19,161,772	9,140,860	19,161,772
	(38,089,109)	(26,933,820)	10,582,658	21,737,947
	5,795,939	9,870,974	11,885,100	14,533,590

24.1 Revaluation reserve

The revaluation reserve represents revaluation surplus arising from freehold land and buildings. The revaluation reserve is used to record increase in the fair value of freehold land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

24.2 Reverse acquisition reserve

Reverse acquisition reserve arose from the reverse acquisition of the Company by Jaring Metal Industries Sdn Bhd in 2013.

24.3 Share issuance scheme reserve

Share issuance scheme reserve represents the equity settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity settled share options, and is reduced by the expiry or exercise of the share options.

24.4 Treasury shares

On 19 December 2017, the Company repurchased 1,000,000 ordinary shares of its issued share capital from the open market at cost of RM0.10 per ordinary shares. The total consideration paid for the share buy back amounted to RM100,000. The shares repurchased are held as treasury shares in accordance with Section 127 of the Companies Act 2016.

As at 31 December 2017, the Group held 1,000,000 (2016: Nil) of the Company's ordinary shares.

24.5 Share premium

Share premium represents the excess of the consideration received over the nominal value of the shares issued by the Company.

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24. RESERVES *cont'd*

24.5 Share premium *cont'd*

The new Companies Act 2016 (the "Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium account becomes part of the Company's share capital pursuant to the transitional provision set out in the Act. Notwithstanding this provision, the Company may within 24 months upon the commencement of the Act, use this amount for the purposes as set out in the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

24.6 Dividends

	Group and Company	
	2017	2016
	RM	RM
Declared and paid during the reporting period		
First single tier interim dividend of RM0.001 per ordinary shares for the financial year ended 31 December 2017	1,266,040	-

The directors also recommend a final single tier dividend of RM0.001 per ordinary share estimated at RM1,376,931 in respect of financial year ended 31 December 2017 to be paid on 7 June 2018 and is subject to the approval of the shareholders at the forthcoming Annual General Meeting. These dividends are not recognised as a liability at the reporting date and will be accounted for as an appropriation of retained profits in the financial year ending 31 December 2018 when approved by the shareholders.

25. HIRE PURCHASE LIABILITIES

	Group	
	2017	2016
	RM	RM
Total outstanding	143,027	314,822
Less: interest in suspense	(7,379)	(9,314)
Principal outstanding	135,648	305,508
Amount due within one year	(78,148)	(265,372)
Non current portion	57,500	40,136

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25. HIRE PURCHASE LIABILITIES *cont'd*

	Group	
	2017	2016
	RM	RM
The non current portion of the hire purchase obligations is payable as follows:		
Later than 1 year and not later than 2 years	33,948	40,136
Later than 2 years and not later than 5 years	23,552	-
	57,500	40,136

The weighted average effective interest rate of the hire purchase obligations is 5.11% (2016: 5.08%) per annum.

26. DEFERRED INCOME

	Group	
	2017	2016
	RM	RM
At beginning of year	1,147,997	1,014,612
Grants received	-	264,577
Grants income recognised	(140,012)	(131,192)
At end of year	1,007,985	1,147,997

This represents government grants for the acquisition of plant and machinery for the production of high grade non-ferrous metals from industrial waste.

27. TERM LOAN

	Group	
	2017	2016
	RM	RM
Amount outstanding	10,064,686	11,106,330
Less: Portion due within one year (Note 30)	(1,088,352)	(975,827)
Non current portion	8,976,334	10,130,503
The non current portion of long term loan is payable as follows:		
Later than 1 year and not later than 2 years	1,143,238	1,030,666
Later than 2 years and not later than 5 years	3,798,969	3,452,727
Later than 5 years	4,034,127	5,647,110
	8,976,334	10,130,503

The term loan is secured as disclosed in Note 30.

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28. TRADE PAYABLES

	Group	
	2017	2016
	RM	RM
Amount due to companies in which certain directors of a subsidiary have interests	9,165	7,166
Third parties	7,403,653	5,038,052
	<u>7,412,818</u>	<u>5,045,218</u>

The normal trade credits granted to the Group, including those from related parties, range from 15 days to 60 days (2016: 15 days to 60 days).

29. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Advance payments from customers	1,880,420	4,362,233	-	-
Advance billings to customers	67,444	62,776	-	-
Other payables and accruals	1,163,248	2,040,629	148,492	115,806
	<u>3,111,112</u>	<u>6,465,638</u>	<u>148,492</u>	<u>115,806</u>

30. SHORT TERM BORROWINGS

	Group	
	2017	2016
	RM	RM
Secured:		
Bank overdraft	7,174,974	4,332,265
Term loan – current portion (Note 27)	1,088,352	975,827
	<u>8,263,326</u>	<u>5,308,092</u>

The effective interest rates are as follows:

	Group	
	2017	2016
	%	%
Bank overdraft	10.20	10.15
Term loan	<u>4.93</u>	<u>5.48</u>

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30. SHORT TERM BORROWINGS *cont'd*

The above banking facilities, including term loan, are secured by way of:

	Group	
	Carrying amount	
	2017	2016
	RM	RM
Property, plant and equipment (Note 11)	55,308,035	55,648,036
Fixed deposits with licensed banks (Note 22)	1,320,356	1,282,030

The banking facilities, including term loan, are also secured by way of joint and several guarantees by certain directors of a subsidiary and a corporate guarantee by the Company.

31. SIGNIFICANT RELATED PARTY DISCLOSURES

31.1 Related party transactions

	Type of transactions	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Significant transactions with related parties are as follows:					
With companies in which certain directors of a subsidiary have interests					
Barrel & Drum (M) Sdn Bhd	Purchases	126,981	54,447	-	-
Cahaya Mutlak Sdn Bhd	Project management fee income	-	104,500	-	-

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31. SIGNIFICANT RELATED PARTY DISCLOSURES *cont'd*

31.1 Related party transactions *cont'd*

	Type of transactions	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
With a corporate shareholder of a subsidiary					
Bubblelab Laundry Sdn Bhd	Purchase of plant and equipment	1,022,168	374,723	-	-
	Purchases	-	16,643	-	-
	Collection fee expense	-	26,951	-	-
	Maintenance fee expense	157,438	135,203	-	-
With subsidiaries					
JAG Land Sdn Bhd	Management fee income	-	-	110,900	117,600
JAG Capital Equity Sdn Bhd	Management fee income	-	-	110,900	117,600
JAG Systems Sdn Bhd	Management fee income	-	-	37,000	117,600
Jaring Metal Industries Sdn Bhd	Management fee income	-	-	443,500	117,600

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31. SIGNIFICANT RELATED PARTY DISCLOSURES *cont'd*

31.2 Related party balances

	Type of transactions	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Individually significant outstanding balances arising from transactions (other than normal trade transactions) are as follows:					
Financial assets					
With a company in which certain directors of a subsidiary have interests					
Constellar (M) Sdn Bhd	Advances	7,127	7,127	90,564	90,564
	Allowance for doubtful debts	(7,127)	(7,127)	(90,564)	(90,564)
		-	-	-	-
With subsidiaries					
Jaring Metal Industries Sdn Bhd	Advances	-	-	25,859,022	25,283,122
JAG Systems Sdn Bhd	Advances	-	-	2,548,896	2,512,599
	Allowance for doubtful debts	-	-	(1,835,973)	(1,306,439)
		-	-	712,923	1,206,160
JAG Land Sdn Bhd	Advances	-	-	21,260,066	127,040
JAG Capital Equity Sdn Bhd	Advances	-	-	4,250,639	4,139,739
	Allowance for doubtful debts	-	-	(472,475)	(1,002,009)
		-	-	3,778,164	3,137,730

31.3 Compensation of key management personnel

The key management personnel comprises mainly executive directors of the Company whose remuneration is disclosed in Note 6.

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32. COMMITMENTS

	Group	
	2017 RM	2016 RM
Capital commitments		
Capital expenditure not provided for in the financial statements are as follows:		
Authorised and contracted for	6,803,000	5,609,582
Analysed as follows:		
Investment in unquoted shares	5,200,000	-
Property, plant and equipment	1,603,000	-
Property development costs	-	5,609,582
	6,803,000	5,609,582

33. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their nature of activity, and has six reportable operating segments as follows:

Manufacturing	- Recycling and manufacturing activities of extraction, production and refinery of ferrous, non-ferrous and precious metals via the recovery and reclamation of industrial and electronic waste
Trading	- Trading of ferrous and non-ferrous metals
Services	- Operating twenty-four (24) hour coin-operated laundry business
Proprietary solutions and software maintenance	- Computer software development, maintenance and support services
Investment	- Investment holding and trading company
Property development	- Buy, sell, rent and operate self-owned or leased real estate land, property development and project management

Management monitors the operating results of its business units as well as relying on the segment information as disclosed below for the purpose of making decision about resource allocation and performance assessment.

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33. SEGMENT INFORMATION cont'd

33.1 Business segment cont'd

2016	Manufacturing RM	Trading RM	Services RM	Proprietary solutions and software maintenance		Investment RM	Property development RM	Total RM	Elimination RM	Consolidated RM
				RM	RM					
Revenue										
External revenue	75,820,647	3,402,187	2,328,870	1,235,031	10,687,293	104,500	93,578,528	-	93,578,528	
Inter-segment revenue	-	-	-	-	470,400	-	470,400	(470,400)	-	
Total revenue	75,820,647	3,402,187	2,328,870	1,235,031	11,157,693	104,500	94,048,928	(470,400)	93,578,528	
Results										
Profit/(Loss) from operations	2,458,590	1,028,004	410,528	(148,499)	(384,708)	(474,775)	2,889,140	155,925	3,045,065	
Finance income	366,279	-	3,727	43,156	17,680	12,318	443,160	(289,328)	153,832	
Finance costs	(805,644)	(36,150)	(77,750)	-	-	(4,650)	(924,194)	289,328	(634,866)	
Profit/(Loss) before tax	2,019,225	991,854	336,505	(105,343)	(367,028)	(467,107)	2,408,106	155,925	2,564,031	
Income tax expense	(465,701)	(20,897)	(1,000)	(11,823)	(5,739)	-	(505,160)	-	(505,160)	
Net profit/(loss) for the year	1,553,524	970,957	335,505	(117,166)	(372,767)	(467,107)	1,902,946	155,925	2,058,871	

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33. SEGMENT INFORMATION cont'd

33.1 Business segment cont'd

2017	Manufacturing		Trading		Services		Proprietary solutions and software maintenance and investment		Property development		Total		Elimination		Consolidated	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Assets and liabilities																
Segment assets	147,347,195	3,480,435	4,971,560	1,027,772	54,595,080	21,800,669	233,222,711	(54,389,792)	178,832,919							
Segment liabilities	59,973,912	-	4,254,117	2,863,743	157,082	21,769,106	89,017,960	(56,772,301)	32,245,659							
Other information																
Capital expenditure on property plant and equipment	3,116,367	110,890	1,095,538	5,160	-	-	4,327,955	-	4,327,955							
Depreciation and amortisation	2,809,685	701,299	389,651	47,283	-	34,557	3,982,475	-	3,982,475							
2016																
Assets and liabilities																
Segment assets	144,433,033	3,341,189	4,020,912	1,320,315	36,034,982	14,349,711	203,500,142	(48,308,214)	155,191,928							
Segment liabilities	55,716,935	-	3,653,615	2,924,206	4,263,581	15,207,423	81,765,760	(50,883,723)	30,882,037							
Other information																
Capital expenditure on property, plant and equipment	1,217,773	45,215	974,549	18,620	-	3,417	2,259,574	-	2,259,574							
Depreciation and amortisation	2,776,143	714,731	341,173	46,119	4,134	34,045	3,916,345	-	3,916,345							

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33. SEGMENT INFORMATION cont'd

33.1 Business segment cont'd

2017	Manufacturing	Trading	Services	Proprietary solutions and software maintenance	Investment	Property development	Total	Elimination	Consolidated
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Non-cash items other than depreciation and amortisation									
Allowance for doubtful debts	224,134	-	-	-	-	-	224,134	-	224,134
Changes in fair value of derivative liability	(872,931)	-	-	-	-	-	(872,931)	-	(872,931)
Impairment of investment in a subsidiary	-	-	-	-	110,385	-	110,385	(110,385)	-
Net fair value loss on held for trading investments	-	-	-	-	291,817	-	291,817	-	291,817
Plant and equipment written off	1,336	-	659	-	-	-	1,995	-	1,995
Government grant income	(140,012)	-	-	-	-	-	(140,012)	-	(140,012)
Unrealised loss on foreign exchange	353,081	-	-	-	-	-	353,081	-	353,081

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33. SEGMENT INFORMATION cont'd

33.1 Business segment cont'd

2016	Manufacturing	Trading	Services	Proprietary solutions and software maintenance	Investment	Property development	Total	Elimination	Consolidated
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Non-cash items other than depreciation and amortisation									
Allowance for doubtful debts	1,981,169	-	-	4,495	-	-	1,985,664	-	1,985,664
Changes in fair value of derivative liability	503,968	-	-	-	-	-	503,968	-	503,968
Bad debts written off	-	-	-	25,000	-	-	25,000	-	25,000
Net fair value loss on held for trading investments	-	-	-	-	376,529	-	376,529	-	376,529
Plant and equipment written off	297	-	-	-	-	-	297	-	297
Unrealised gain on foreign exchange	(738,750)	-	-	-	-	-	(738,750)	-	(738,750)
Government grant income	(131,192)	-	-	-	-	-	(131,192)	-	(131,192)

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33. SEGMENT INFORMATION *cont'd*

33.2 Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets.

Geographical information 2017	Group	
	Revenue RM	Non-current assets RM
Malaysia	25,558,441	78,905,332
China	76,516,091	-
Japan	27,785,021	-
Others	13,763,265	-
	<u>143,622,818</u>	<u>78,905,332</u>

Geographical information 2016	Group	
	Revenue RM	Non-current assets RM
Malaysia	30,301,610	92,621,345
China	35,097,063	-
Japan	20,149,360	-
Others	8,030,495	-
	<u>93,578,528</u>	<u>92,621,345</u>

Non current assets information presented above consist of property, plant and equipment, land held for development and intangible assets as presented in the statements of financial position.

33.3 Customers segment information

Revenue from transactions with major customers arising from manufacturing segment that individually accounted for 10 percent or more of the Group's revenue are summarised below:

	Group	
	2017 RM	2016 RM
Customer A	64,175,265	32,056,197
Customer B	21,838,672	19,422,381
	<u>86,013,937</u>	<u>51,478,578</u>

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34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

34.1 Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial assets				
Fair value through profit or loss:				
- other investments	1,537,023	4,463,972	-	-
- derivative assets	321,350	-	-	-
Loans and receivables:				
- trade and other receivables	12,053,336	9,472,773	51,625,362	29,758,153
- cash and bank balances and fixed deposits	13,041,748	7,351,615	2,977,770	2,302,400
	<u>26,953,457</u>	<u>21,288,360</u>	<u>54,603,132</u>	<u>32,060,553</u>
Financial liabilities				
Amortised cost:				
- hire purchase liabilities (fixed rate)	135,648	305,508	-	-
- trade and other payables (non interest bearing)	8,576,066	7,085,847	148,492	115,806
- borrowings (floating rate)	17,239,660	15,438,595	-	-
Fair value through profit or loss:				
- derivative liabilities	-	551,581	-	-
	<u>25,951,374</u>	<u>23,381,531</u>	<u>148,492</u>	<u>115,806</u>

34.2 Financial risk management policies and objectives

The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT *cont'd*

34.2 Financial risk management policies and objectives *cont'd*

Foreign exchange risk management

The Group transacts business in various currencies, and therefore is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The net financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional currency of the Group	Net Financial Assets Held in Non-Functional Currencies		
	United States Dollar RM	Euro RM	Total RM
2017			
Ringgit Malaysia	5,555,767	411,629	5,967,396
2016			
Ringgit Malaysia	3,569,795	134,824	3,704,619

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Group. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items adjusted at the reporting period end for a 10% change in foreign currency rates. If the relevant foreign currencies strengthen by 10% against the functional currency of the Group, profitability before tax will increase/(decrease) by:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
United States Dollar	388,772	(551,745)	-	-
Euro	41,163	13,482	-	-

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currency of the Group.

Interest rate risk management

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT *cont'd*

34.2 Financial risk management policies and objectives *cont'd*

Interest rate risk management *cont'd*

The sensitivity analysis below have been determined based on the exposure to interest rates for banking facilities at the reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and the Company's profitability before tax would decrease/increase by RM86,200 (2016: RM77,200) and RM Nil (2016: RM Nil) respectively.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its obligations resulting in financial loss to the Group. The Group's credit risk is primarily attributable to its trade and other receivables and cash and bank balances. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. For other financial assets including cash and bank balances, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's exposure and the credit ratings of its counterparties are continuously monitored on an ongoing basis via the Group's management reporting procedures. This represents the Group's maximum exposure to credit risk.

At reporting date, there were no significant concentrations of credit risk other than the following:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Amount due from two subsidiaries (2016: one)	-	-	47,119,088	25,283,122
Amount due from one customer (2016: one customer)	4,272,425	5,241,250	-	-
	4,272,425	5,241,250	47,119,088	25,283,122

Management believes that the sound financial standing of its subsidiaries and customer substantially mitigates the Group's exposure to credit risk.

The Company provides unsecured financial guarantees to a licensed bank in respect of banking facilities granted to a subsidiary. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary. The maximum exposure to credit risk amounts to RM17,239,660 (2016: RM11,106,330) representing the outstanding banking facilities of the subsidiary as at reporting date. The fair value of the financial guarantees provided for its subsidiary is not expected to be material as the total borrowings of the subsidiary are collateralised against the subsidiary's freehold land and buildings and fixed deposits with the licensed bank. Further, the probability of the subsidiary defaulting on the credit facilities is remote. Accordingly, the financial guarantee has not been recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017
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34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT *cont'd*

34.2 Financial risk management policies and objectives *cont'd*

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity and commodity price risk arising from its investment in quoted equity instruments and commodity future contracts. The quoted equity instruments are listed on the Bursa Malaysia Securities Berhad while the commodity future contracts were traded at COMEX exchange and both are classified as held for trading financial assets.

Management of the Group monitors the equity instruments and commodity future contracts on a portfolio basis. Material instruments within the portfolio are managed on an individual basis and all buy and sell decisions are made by the executive directors.

The effect of a 10% strengthening in the specified stock prices and commodity prices at the end of the reporting period with all other variables held constant would have increased/(decreased) the profitability before tax of the Group as follows:

	Group	
	2017	2016
	RM	RM
Entities listed on:		
Bursa Malaysia Securities Berhad	81,228	381,547
Commodity:		
Copper	(400,700)	-
Silver	555,200	-

A 10% weakening in specified stock and commodity prices would have equal but opposite effect on the profitability of the Group.

Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group finances its operations by a combination of equity and bank borrowings. In addition, the Group has available banking facilities to meet its liquidity and working capital requirements.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

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34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT *cont'd*

34.2 Financial risk management policies and objectives *cont'd*

Liquidity risk management *cont'd*

Group	Contractual cash flows (including interest payments)					
	Carrying amount	Total	On demand or within 1 year	Within 1 to 2 years	Within 2 to 5 years	More than 5 years
2017	RM	RM	RM	RM	RM	RM
Non interest bearing debts	8,576,066	8,576,066	8,576,066	-	-	-
Interest bearing debts	17,239,660	19,264,974	8,734,974	1,560,000	4,680,000	4,290,000
Hire purchase liabilities	135,648	140,067	79,975	36,096	23,996	-
	<u>25,951,374</u>	<u>27,981,107</u>	<u>17,391,015</u>	<u>1,596,096</u>	<u>4,703,996</u>	<u>4,290,000</u>
2016						
Derivative liability	551,581	551,581	551,581	-	-	-
Non interest bearing debts	7,085,847	7,085,847	7,085,847	-	-	-
Interest bearing debts	15,438,595	18,694,373	6,180,390	1,560,000	4,680,000	6,273,983
Hire purchase liabilities	305,508	314,822	273,903	40,919	-	-
	<u>23,381,531</u>	<u>26,646,623</u>	<u>14,091,721</u>	<u>1,600,919</u>	<u>4,680,000</u>	<u>6,273,983</u>

Company	Contractual cash flows (including interest payments)		
	Carrying amount	Total	On demand or within 1 year
	RM	RM	RM
2017			
Non interest bearing debts	148,492	148,492	148,492
	<u>148,492</u>	<u>148,492</u>	<u>148,492</u>
2016			
Non interest bearing debts	115,806	115,806	115,806
	<u>115,806</u>	<u>115,806</u>	<u>115,806</u>

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34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT *cont'd*

34.3 Capital structure and equity

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while providing an adequate return to stakeholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statements of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity and reserves that are managed as capital.

During the reporting period ended 31 December 2017, the Group's and the Company's strategy were unchanged from 31 December 2016 which is to maintain the debt-to-adjusted capital ratio at a level deemed appropriate considering business, economic and investment conditions. The debt-to-adjusted capital ratios at 31 December 2017 and 31 December 2016 were as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total debts	17,375,308	15,744,103	-	-
Less: Cash and bank balances and fixed deposits	(13,041,748)	(7,351,615)	(2,977,770)	(2,302,400)
Net debt/(cash)	4,333,560	8,392,488	(2,977,770)	(2,302,400)
Total equity/Adjusted capital	146,587,260	124,309,891	152,571,533	128,918,048
Debt-to-adjusted capital ratio (times)	0.03	0.07	N/A	N/A

35. FAIR VALUE MEASUREMENTS

35.1 Financial instruments not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of the Group's term loans and hire purchase liabilities approximates their carrying amount. Term loan is a floating rate instrument that is re-priced to market interest rates on or near reporting date. Hire purchase liabilities approximates their carrying amounts as these instruments were entered with interest rates which are reasonable approximation of the market interest rates on or near reporting date.

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35. FAIR VALUE MEASUREMENTS *cont'd*

35.2 Financial instruments and non financial assets carried at fair value

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table provides an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2017			
	Fair value measurements at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Recurring fair value measurements				
Financial assets:				
<u>Derivative assets</u>				
Commodity future contracts	275,483	-	-	275,483
Forward foreign exchange contracts	-	45,867	-	45,867
<u>Other investments</u>				
Quoted shares	812,284	-	-	812,284
Unquoted mutual funds	-	-	724,739	724,739

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35. FAIR VALUE MEASUREMENTS *cont'd*

35.2 Financial instruments and non financial assets carried at fair value *cont'd*

Fair value hierarchy *cont'd*

	Group 2016			
	Fair value measurements at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Recurring fair value measurements				
Financial assets:				
<u>Other investments</u>				
Quoted shares	3,815,472	-	-	3,815,472
Unquoted mutual funds	-	-	648,500	648,500
Financial liability:				
<u>Derivative liabilities</u>				
Forward foreign exchange contracts	-	551,581	-	551,581

There were no transfers between these levels of fair values in the current and previous reporting periods.

Valuation techniques used to derive Level 2 fair values

The non-recurring fair value measurements of freehold land and buildings have been derived using the sales comparison approach. Sales prices of comparable freehold land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

Fair value of the forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing models which incorporate various inputs including foreign exchange spot and forward rates.

Valuation techniques used to derive Level 3 fair values

The fair value of the unquoted mutual funds are determined by reference to the net assets per unit of the funds.

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36. COMPARATIVE FIGURES

Certain comparative figures of the Group and the Company have been reclassified to conform with current year's presentation.

	Group		
	As previously reported RM	Reclassification RM	As restated RM
Statement of comprehensive income			
For the year ended 31 December 2016			
Other operating income	1,142,035	(153,832)	988,203
Finance income	-	153,832	153,832
Company			
Statement of comprehensive income			
For the year ended 31 December 2016			
Other operating income	8,387	(8,387)	-
Finance income	-	8,387	8,387

LIST OF PROPERTIES

as at 31 December 2017

No.	Location	Address	Description/ Existing Use	Tenure	Approximate Age of Building (Years)	Land & Build-up Area (square meter)	Carrying Amount (RM)	Date of Acquisition/ Revaluation
1	Selangor	H.S.(D) 58833, No. PT58258, Daerah dan Mukim Klang, Negeri Selangor No. 23, Jalan Sungai Rasau 32/29, Berjaya Park, Seksyen 32, 40460 Shah Alam, Selangor	Residential. A double storey terrace house used as accommodation for JMI's employees.	Freehold	12	<u>Land area</u> 130 square meters <u>Built-up</u> 173.9 square meters	123,750	2 March 2006
2	Selangor	H.S.(D) 57925 PT57329, Mukim and Daerah Klang, Negeri Selangor Lot 7, Jalan Sungai Kayu Ara 32/37, Taman Berjaya, Seksyen 32, 40460 Shah Alam, Selangor	Industry. JMI's headquarters comprising a two storey administrative office, 3 units of detached factories, a guard house and a Tenaga Nasional Berhad ("TNB") substation	Freehold	16	<u>Land area</u> 19,426 square meters <u>Built-up</u> 8,321 square meters	<u>Land</u> 22,000,000 <u>Building</u> 9,588,035	17 March 2016 <i>(Date of Revaluation)</i>
3	Johor	GRN 234632, Lot 45043, Mukim Senai, Daerah Kulaijaya, Negeri Johor	Industrial/ Enterprise. A vacant land intended to be used as a collection centre.	Freehold	Note: The land is vacant	<u>Land area</u> 4,045 square meters	936,734	13 July 2010
4	Selangor	H.S.(D) 58834, No. PT58259, Daerah dan Mukim Klang, Negeri Selangor, No. 21, Jalan Sungai Rasau 32/29, Berjaya Park, Seksyen 32, 40460 Shah Alam, Selangor	Residential. A double storey terrace house used as accommodation for JMI's employees.	Freehold	7	<u>Land area</u> 130 square meters <u>Built-up</u> 173.9 square meters	189,200	16 March 2011
5	Selangor	H.S (D)57924, No. PT57328, Mukim dan Daerah Klang, Negeri Selangor, No. 9, Jalan Sungai Kayu Ara 32/37, Taman Berjaya, Seksyen 32, 40460 Shah Alam, Selangor	Industry. A single storey detached factory for receiving store operation, an annexed 3-storey administrative office building with laboratory facility, two guard houses and a TNB substation.	Freehold	4	<u>Land area</u> 10,619 square meters <u>Built-up</u> 6,851 square meters	<u>Land</u> 17,000,000 <u>Building</u> 6,720,000	2 November 2015 <i>(Date of Revaluation)</i>

STATISTICS OF SHAREHOLDINGS

As at 20 March 2018

cont'd

Total Issued Share Capital : RM140,687,459.29 comprising 1,377,937,407 ordinary shares
(Inclusive of Treasury Shares)
Class of Shares : Ordinary shares
Voting Rights : One vote per ordinary share
Treasury Shares held by the Company : 1,000,000 ordinary shares

ANALYSIS BY SIZE OF SHAREHOLDINGS as per the Record of Depositors

Size of Holdings	No. of Holders	%	No. of Ordinary Shares	%
1 - 99	456	7.44	22,341	0.00
100 - 1,000	162	2.64	61,628	0.00
1,001 - 10,000	773	12.60	3,803,390	0.28
10,001 - 100,000	3,329	54.28	130,623,697	9.48
100,001 – 68,896,869 *	1,409	22.97	781,800,076	56.74
68,896,870 and above **	4	0.07	461,626,275	33.50
Total:	6,133	100.00	1,377,937,407	100.00

Notes:-

* Less than 5% of issued holdings

** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS based on the Register of Substantial Shareholders as at 20 March 2018

No.	Name	Direct Interest	No. of Ordinary Shares		%
			%	Indirect Interest	
1.	Dato' Ng Meow Giak	183,177,366	13.30	-	-
2.	Ng Yaw Long	144,642,191	10.50	-	-
3.	NKK Capital Sdn. Bhd.	145,061,593	10.54	-	-
4.	Teh Chin Ching	101,949,115	7.40	-	-
5.	Dato' Ng Aik Kee	89,253,722	6.48	145,061,593 ⁽¹⁾	10.54

Remark:

⁽¹⁾ Deemed interested by virtue of his interest in NKK Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS in the Company or in a related corporation (including number and percentage) based on the Register of Directors' Shareholdings as at 20 March 2018

Name of Directors	Direct Interest	No. of Ordinary Shares		%
		%	Indirect Interest	
Datin Tan Siew Ching	54,443,989	3.95	-	-
Dato' Ng Meow Giak	183,177,366	13.30	-	-
Roy Thean Chong Yew	-	-	-	-
Datuk Md. Hassim Bin Pardi	-	-	-	-
Ewe Chuan Seng	-	-	-	-

STATISTICS OF SHAREHOLDINGS

As at 20 March 2018
cont'd

TOP 30 SECURITIES ACCOUNT HOLDERS (ORDINARY SHARES) as per Record of Depositors as at 20 March 2018

No.	Name	No. of Ordinary Shares	%
1.	NKK CAPITAL SDN. BHD.	145,061,593	10.53
2.	DATO' NG MEOW GIAK	123,731,213	8.98
3.	NG YAW LONG	116,730,507	8.47
4.	TEH CHIN CHING	76,102,962	5.52
5.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR DATO' NG MEOW GIAK	59,446,153	4.31
6.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR DATO' NG AIK KEE	47,038,338	3.41
7.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' NG AIK KEE	42,215,384	3.06
8.	LEE FU-CHIEN	35,538,676	2.58
9.	DATIN TAN SIEW CHING	32,054,615	2.33
10.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG YAW LONG	27,911,684	2.03
11.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TEH CHIN CHING	25,846,153	1.88
12.	DATIN TAN SIEW CHING	22,389,374	1.62
13.	ONG SAY KIAT	12,840,000	0.93
14.	LIM ENG HOCK	5,936,000	0.43
15.	FUNG KIM HENG	5,923,076	0.43
16.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIM AI LING	5,000,000	0.36
17.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHOONG FOONG MING	4,953,846	0.36
18.	LEE SWONG KOI	4,600,000	0.33
19.	WEE SENG HUAT	4,076,923	0.30
20.	LOH YUN CHYI	4,070,230	0.30
21.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LAN KOK PING @ LIM KOK PING	3,300,046	0.24
22.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. - CIMB BANK FOR LIM ENG HOCK	3,290,000	0.24
23.	PUBLIC NOMINEES (ASING) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN CHEE WEE	3,215,000	0.23
24.	JOEL OW YANG	3,200,000	0.23
25.	JF APEX NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LEE AH MOOI	3,136,000	0.23
26.	WONG YAT WENG	2,870,023	0.21
27.	LIM KOK HOI	2,500,000	0.18
28.	SIN SAW PHENG	2,476,923	0.18
29.	LOH YUN CHYI	2,433,846	0.18
30.	JF APEX NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR WITPRO SDN. BHD.	2,369,230	0.17
Total:		830,257,795	60.25

STATISTICS OF WARRANTHOLDINGS

For Warrants A as at 20 March 2018

Description : Warrants A (2014/2019)
 Total Outstanding Warrants : 317,364,629
 Maturity Date : 14 August 2019
 Number of Warranholders : 2,449

Analysis by Size of Warrantholdings for Warrants A as per the Record of Depositors

Size of Warrantholdings	No. of Warrant Holders	%	No. of Warrants	%
1 – 99	159	6.49	7,524	0.00
100 – 1,000	130	5.31	56,259	0.02
1,001 - 10,000	502	20.50	2,039,840	0.64
10,001 – 100,000	1,118	45.65	36,618,070	11.54
100,001 – 15,868,230 *	538	21.97	225,588,297	71.08
15,868,231 and above **	2	0.08	53,054,639	16.72
Total:	2,449	100.00	317,364,629	100.00

Notes:-

* Less than 5% of issued holdings

** 5% and above of issued holdings

STATISTICS OF WARRANTHOLDINGS

For Warrants A as at 20 March 2018
cont'd

TOP 30 SECURITIES ACCOUNT HOLDERS (WARRANTS A) as per the Record of Depositors as at 20 March 2018

No.	Name of Warrantholders	No. of Warrants	%
1.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR DATO' NG AIK KEE	28,285,409	8.91
2.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAI CHEE MENG	24,769,230	7.80
3.	LIM ENG HOCK	9,153,846	2.88
4.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN PENG NGUANG	7,538,461	2.38
5.	CHAN PHENG HOCK	4,447,230	1.40
6.	CHO KAM CHOONG	3,500,015	1.10
7.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN BOON HUAT	3,230,769	1.02
8.	YONG SIW YA	2,949,900	0.93
9.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIM CHOON EEK	2,769,700	0.87
10.	TAN KHEE NAM	2,723,076	0.86
11.	LING NAI KIONG	2,507,692	0.79
12.	CHUA CHAI HONG	2,184,615	0.69
13.	LEE KOK ENG	2,163,000	0.68
14.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TEH POO SENG	2,153,846	0.68
15.	CHAN PHENG HOCK	2,136,923	0.67
16.	FOONG WAI CHEE	2,081,469	0.66
17.	QUEK KIAH SONG	1,940,461	0.61
18.	LOH YUN CHYI	1,782,307	0.56
19.	YEOH YUN PYNG	1,723,076	0.54
20.	HLIB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN BOON HAY	1,712,307	0.54
21.	PHAN YONG NAN	1,615,384	0.51
22.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR NG KOK SIANG	1,615,384	0.51
23.	MOHD NASRUL MUBIN BIN MOHD YAHAYA	1,499,600	0.47
24.	YONG KHI HEE	1,411,844	0.44
25.	LOW CHEE MENG	1,404,415	0.44
26.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR ONG SAU PIN	1,389,230	0.44
27.	LOH CHOON YOW	1,361,538	0.43
28.	TAN BEE CHOO	1,330,769	0.42
29.	TAN WAUH KIANG	1,292,053	0.41
30.	SJ SEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR NG KAW EE	1,249,230	0.39
Total:		123,922,779	39.05

STATISTICS OF WARRANTHOLDINGS

For Warrants B as at 20 March 2018

Description : Warrants B (2017/2020)
 Total Outstanding Warrants : 194,764,923
 Maturity Date : 15 November 2020
 Number of Warrantheolders : 5,469

Analysis by Size of Warrantheoldings for Warrants B as per the Record of Depositors

Size of Warrantheoldings	No. of Warrant Holders	%	No. of Warrants	%
1 – 99	555	10.15	18,599	0.01
100 – 1,000	553	10.11	268,204	0.14
1,001 - 10,000	2,743	50.16	11,990,502	6.16
10,001 – 100,000	1,398	25.56	42,363,764	21.75
100,001 – 9,738,245*	218	3.99	111,576,118	57.29
9,738,246 and above **	2	0.04	28,547,736	14.66
Total:	5,469	100.00	194,764,923	100.00

Notes:-

* Less than 5% of issued holdings

** 5% and above of issued holdings

STATISTICS OF WARRANTHOLDINGS

For Warrants B as at 20 March 2018
cont'd

TOP 30 SECURITIES ACCOUNT HOLDERS (WARRANTS B) as per the Record of Depositors as at 20 March 2018

No.	Name of Warrantholders	No. of Warrants	%
1.	DATO' NG MEOW GIAK	17,675,886	9.08
2.	TEH CHIN CHING	10,871,850	5.58
3.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR DATO' NG MEOW GIAK	8,492,306	4.36
4.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' NG AIK KEE	6,030,768	3.10
5.	LUM YIN MUI	4,900,000	2.52
6.	DATIN TAN SIEW CHING	4,579,230	2.35
7.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TEH CHIN CHING	3,692,306	1.90
8.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIM CHOON EEK	3,250,000	1.67
9.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG YAW LONG	3,230,768	1.66
10.	DATIN TAN SIEW CHING	3,198,482	1.64
11.	TYE YONG POU	3,000,000	1.54
12.	HLIB NOMINEES (TEMPATAN) SDN. BHD. - HONG LEONG BANK BHD FOR TONG YEW BAN	2,338,400	1.20
13.	NG KOK BENG	2,147,400	1.10
14.	YONG SIW YA	2,000,000	1.03
15.	CHONG KAH AN	1,900,000	0.98
16.	HLIB NOMINEES (TEMPATAN) SDN. BHD. - HONG LEONG BANK BHD FOR CHUNG CHIONG BING	1,633,300	0.84
17.	RAJA MUHAMMAD BIN RAJA OMAR	1,546,700	0.79
18.	AGNES SAUYIE LOH	1,488,000	0.76
19.	CHUA LEE GUAN	1,030,768	0.53
20.	LOW SZE NGIAN	1,015,000	0.52
21.	AHMAD NORDIN BIN OTHMAN	1,000,000	0.51
22.	RHB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN HOW JOO	1,000,000	0.51
23.	YONG YUET CHIN	900,000	0.46
24.	LIM ENG HOCK	848,000	0.44
25.	FUNG KIM HENG	846,152	0.43
26.	CHIA ENG KIOW	830,768	0.43
27.	NG KHAI LOON	757,692	0.39
28.	KOK CHOI SENG	750,000	0.39
29.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHOONG FOONG MING	707,692	0.36
30.	THAU WAI GUEAN	663,082	0.34
	Total:	92,324,550	47.40

NOTICE OF 20TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 20th Annual General Meeting of the Company will be held at Permai 1, 1st Floor, Kota Permai Golf and Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Monday, 21 May 2018 at 10:00 a.m. for the transaction of the following business:-

A G E N D A

Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. **(Refer to Note 8)**
2. To re-elect Mr. Ewe Chuan Seng, a Director who retires in accordance with Article 67 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **Resolution 1**
3. To re-elect Datin Tan Siew Ching, a Director who retires in accordance with Article 67 of the Company's Articles of Association, and being eligible, has offered herself for re-election. **Resolution 2**
4. To re-appoint Messrs. Russell Bedford LC & Company as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to determine their remuneration. **Resolution 3**
5. To approve the Directors' fees payable to the Directors of the Company of up to RM122,400/- for the financial year ending 31 December 2018. **Resolution 4**
6. To approve the payment of single-tier final dividend of RM0.001 per ordinary share for the financial year ended 31 December 2017. **Resolution 5**

Special Business

To consider and, if thought fit, with or without any modification, to pass the following as Ordinary Resolutions:-

7. **ORDINARY RESOLUTION** **Resolution 6**
 - **PAYMENT OF BENEFITS PAYABLE TO THE DIRECTORS UNDER SECTION 230(1)(B) OF THE COMPANIES ACT 2016**

 "THAT the benefits payable to the Directors up to an amount of RM37,500/- for the period from 22 May 2018 until the next Annual General Meeting of the Company in year 2019 pursuant to Section 230(1)(b) of the Companies Act 2016, be and is hereby approved for payment."
8. **ORDINARY RESOLUTION** **Resolution 7**
 - **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016**

 "THAT pursuant to the Companies Act 2016, the Articles of Association of the Company, and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

NOTICE OF 20TH ANNUAL GENERAL MEETING

cont'd

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

9. ORDINARY RESOLUTION

Resolution 8

- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

“THAT, subject to the compliance with Section 127 of the Companies Act 2016 (“**the Act**”) and all other applicable laws, rules and regulations, provisions of the Company’s Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), approval be and is hereby given to the Company, to purchase such amount of ordinary shares in the Company (“**Shares**”) as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of Shares to be purchased and held pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company including the Shares previously purchased and retained as treasury shares (if any), upon such terms and conditions as set out in the Statement to Shareholders dated 20 April 2018;

AND THAT such authority shall commence immediately upon the passing of this Resolution and until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held unless revoked or varied by ordinary resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of ACE Market Listing Requirements of Bursa Securities and any other relevant authorities;

AND THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company’s retained profits based on the latest audited financial statements of the Company for the financial year ended 31 December 2017 of RM1,302,442/-;

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the Shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends and/or to transfer them for the purposes of or under an employees’ share scheme and/or to transfer them as purchase consideration in such manner as may be permitted and prescribed by the provisions of ACE Market Listing Requirements of Bursa Securities, the Act and any other relevant authorities;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to implement, finalise and give full effect to the aforesaid with full powers to assent to any condition, modification, variation and/or amendment (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company.”

10. To transact any other business that may be transacted at an Annual General Meeting, due notice of which shall have been given in accordance with the Companies Act 2016 and the Articles of Association of the Company.

NOTICE OF 20TH ANNUAL GENERAL MEETING

cont'd

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the single-tier final dividend of RM0.001 per ordinary share in respect of the financial year ended 31 December 2017 will be payable on 7 June 2018 to depositors who are registered in the Record of Depositors at the close of business on 28 May 2018, if approved by members at the forthcoming 20th Annual General Meeting on 21 May 2018.

A Depositor shall qualify for entitlement only in respect of:-

- (a) Securities transferred into the Depositor's Securities Account before 4:00 p.m. on 28 May 2018 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad ("**Bursa Securities**") on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)

CHENG CHIA PING (MAICSA 1032514)

Company Secretaries

Kuala Lumpur

20 April 2018

Notes:

(A) Information for Shareholders/Proxies

1. *For the purpose of determining a member who shall be entitled to attend this 20th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 47(f) of the Articles of Association of the Company and Section 34(1) of Securities Industry (Central Depositories) Act, 1991 ("**SICDA**") to issue a General Meeting Record of Depositors as at 14 May 2018. Only a depositor whose name appears on the Record of Depositors as at 14 May 2018 shall be entitled to attend the said meeting or appoint proxies to attend and/or speak and/or vote on his/her behalf.*
2. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company. A proxy needs not be a member. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.*
3. *A member shall not, subject to Notes (4) and (5) below, be entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the SICDA, it may appoint not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.*
5. *Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

NOTICE OF 20TH ANNUAL GENERAL MEETING

cont'd

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised.
7. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the office of the Company's Share Registrar, i.e. Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.

Explanatory Notes to Ordinary Business:-

(B) Audited Financial Statements for the financial year ended 31 December 2017

8. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval for the Audited Financial Statements from the shareholders. Therefore, this Agenda item is not put forward for voting.

(C) Resolutions 1 and 2 - Re-election of Directors

9. In determining the eligibility of the Directors to stand for re-election at the forthcoming 20th Annual General Meeting, the Nomination Committee ("NC") considering the requirements under Rule 2.20A of the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") recommended Mr. Ewe Chuan Seng and Datin Tan Siew Ching for the re-election as Directors pursuant to Article 67 of the Articles of Association of the Company ("Retiring Directors"). The Board has conducted a separate assessment and satisfied with the independence of Mr. Ewe Chuan Seng, the Independent Non-Executive Director, therefore they recommended the same be tabled to the shareholders for approval at the forthcoming 20th Annual General Meeting of the Company under Resolutions 1 and 2 respectively.

All the Retiring Directors have consented to their re-election, and abstained from deliberation and voting in relation to their individual re-election at the NC Meeting, where applicable and Board of Directors' Meeting, respectively.

(D) Resolution 3 - Re-appointment of Auditors

10. The Audit Committee ("AC") have assessed the suitability, objectivity and independence of the External Auditors and recommended the re-appointment of Messrs. Russell Bedford LC & Company as External Auditors of the Company for the financial year ending 31 December 2017. The Board has in turn reviewed the recommendation of the AC and recommended the same be tabled to the shareholders for approval at the forthcoming 20th Annual General Meeting of the Company under Resolution 3.

(E) Resolution 4 - Payment of Directors' Fees

11. The Proposed Directors' fees payable to the Directors of the Company for the financial year ending 31 December 2018 shall be up to RM122,400/- only, comprise the following:-

Directors' Fees	Financial Year Ending 31 December 2018
Non-Executive Directors	RM28,800/- per person per annum
Audit Committee Chairman	Additional RM14,400 per annum
Nomination Committee Chairman	Additional RM7,200 per annum
Remuneration Committee Chairman	Additional RM7,200 per annum
Risk Management Committee Chairman	Additional RM7,200 per annum

The Resolution 4, if approved, will authorise the Directors' fees payable to the Directors for the financial year ending 31 December 2018 pursuant to Article 74 of the Articles of Association of the Company.

NOTICE OF 20TH ANNUAL GENERAL MEETING

cont'd

Explanatory Notes to Special Business:

(F) Resolution 6 – Benefits Payable to the Directors

12. Under Resolution 6, the benefits payable to the Directors pursuant to Section 230(1)(b) of the Companies Act 2016 had been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognises that the benefits payable are in the best interest of the Company and in accordance with Directors' Remuneration Policy of the Company for the applicable period between 22 May 2018 until the next Annual General Meeting of the Company in year 2019. The benefits comprised solely of meeting allowance, which will only be accorded based on actual attendance of meetings by the Directors:-

	<i>Financial Year Ending 31 December 2018</i>
Meeting Allowances for Non-Executive Directors	RM500/- per meeting

(G) Resolution 7 – Authority to Issue Shares pursuant to the Companies Act 2016

13. The Company wishes to renew the mandate on the authority to issue shares pursuant to the Companies Act 2016 at the 20th Annual General Meeting of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the last Annual General Meeting of the Company held on 14 June 2017 (hereinafter referred to as the "Previous Mandate").

Pursuant to the Previous Mandate, the Company had undertaken a private placement of 28,600,000 new ordinary shares which were issued at the issue price of RM0.12 each and was listed on 19 July 2017. The proceeds raised from the said private placement exercise was RM3,432,000/-.

The details of utilisation of the proceeds from the abovementioned corporate exercise were as follow:-

	<i>Status of utilisation</i>	<i>Amount utilised</i>	<i>Amount unutilised</i>
		<i>RM</i>	<i>RM</i>
Repayment of bank borrowings	Fully	2,682,797	-
Working capital	Fully	691,327	-
Estimated expenses in relation to the Private Placement	Fully	57,876	-
Total		3,432,000	-

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

(H) Resolution 8 - Proposed Renewal of Share Buy-Back Authority

14. The proposed adoption of the Resolution 8 is to renew the authority granted by the shareholders of the Company at the Extraordinary General Meeting held on 14 June 2017. The proposed renewal will allow the Directors to exercise the power of the Company to purchase not more than 10% of the total number of issued shares of the Company any time within the time period stipulated in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.



JAG BERHAD (439230-A)

FORM OF PROXY

Number of shares held	
CDS account no.	

*I/We, Company No./NRIC No./
(full name as per NRIC/Passport/Certificate of Incorporation in capital letters)

Passport No. of
(full address)

being a member of JAG BERHAD hereby appoint
(full name as per NRIC/Passport in capital letters)

NRIC No./Passport No. *and/or failing him/her,
(full name as per NRIC/Passport in capital letters)

NRIC No./Passport No. or failing *him/her the Chairperson of the Meeting as *my/our proxy, to vote for *me/us on *my/our behalf at the 20th Annual General Meeting (“AGM”) of the Company to be held at Permai 1, 1st Floor, Kota Permai Golf and Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Monday, 21 May 2018 at 10:00 a.m. or at any adjournment thereof, on the following resolutions referred to in the Notice of 20th AGM.

*My/Our proxy(ies) *is/are to vote as indicated below:-

Ordinary Business	For	Against
Ordinary Resolution 1 To re-elect Mr. Ewe Chuan Seng as Director <i>(Article 67)</i>		
Ordinary Resolution 2 To re-elect Datin Tan Siew Ching as Director <i>(Article 67)</i>		
Ordinary Resolution 3 To re-appoint Messrs. Russell Bedford LC & Company as Auditors of the Company and to authorise the Board of Directors to determine their remuneration		
Ordinary Resolution 4 To approve the Directors’ fees payable for the financial year ending 31 December 2018		
Ordinary Resolution 5 To approve the payment of single-tier final dividend of RM0.001 per ordinary share for the financial year ended 31 December 2017		
Special Business		
Ordinary Resolution 6 To approve the benefits payable to the Directors for the period from 22 May 2018 until the next AGM in year 2019		
Ordinary Resolution 7 Authority to issue shares pursuant to the Companies Act 2016		
Ordinary Resolution 8 Proposed Renewal of Share Buy-Back Authority		

(Please indicate with an “X” in the appropriate box against each Resolution how you wish your vote to be cast. If no specific direction as to how the proxy shall vote, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.)

Signed this day of, 2018

.....
Signature(s)/Common Seal of member(s)

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

NOTES:

1. For the purpose of determining a member who shall be entitled to attend this 20th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 47(f) of the Articles of Association of the Company and Section 34(1) of Securities Industry (Central Depositories) Act, 1991 ("SICDA") to issue a General Meeting Record of Depositors as at 14 May 2018. Only a depositor whose name appears on the Record of Depositors as at 14 May 2018 shall be entitled to attend the said meeting or appoint proxies to attend and/or speak and/or vote on his/her behalf.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company. A proxy needs not be a member. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. A member shall not, subject to Notes (4) and (5) below, be entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the SICDA, it may appoint not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.
5. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised.
7. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the office of the Company's Share Registrar, i.e. Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.

* **Delete if not applicable**

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Affix Stamp

JAG BERHAD
(Company No. 439230-A)

c/o Securities Services (Holdings) Sdn. Bhd.
Share Registrar
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

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