



JAG BERHAD (439230-A)



THE **GREEN**
REVOLUTION CONTINUES

Annual Report 2018

CONTENTS

Part 1 : CORPORATE

Corporate Information	02
Group Corporate Structure	03
Abbreviations	04
Technical Information Sheet	05
Chairperson's Statement	06
Management Discussion & Analysis	09
Profiles of the Board of Directors	14
Profiles of Key Senior Management	18
Corporate Governance Overview Statement	21
Sustainability Statement	54
Additional Compliance Information	61
Audit Committee Report	63
Statement on Risk Management and Internal Control	70
Statement of Directors' Responsibility for Preparing the Financial Statements	76

Part 2 : FINANCIAL REPORTS

Directors' Report	77
Statement by Directors and Statutory Declaration	83
Independent Auditors' Report	84
Statements of Comprehensive Income	88
Statements of Financial Position	89
Statements of Changes in Equity	91
Statements of Cash Flows	94
Notes to the Financial Statements	97

Part 3 : LIST OF PROPERTIES

List of Properties	162
--------------------	-----

Part 4 : ANALYSIS OF SHAREHOLDINGS

Statistics of Shareholdings	164
Analysis by Size of Shareholdings	164
Substantial Shareholders	164
Directors' Shareholdings	164
Top 30 Securities Account Holders (Ordinary Shares)	165

Part 5 : ANALYSIS OF WARRANTHOLDINGS

Statistics of Warrantholdings for Warrants A	166
Analysis by Size of Warrantholdings for Warrants A	166
Directors' Shareholdings for Warrants A	166
Top 30 Securities Account Holders (Warrants A)	167
Statistics of Warrantholdings for Warrants B	168
Analysis by Size of Warrantholdings for Warrants B	168
Analysis by Size of Warrantholdings for Warrants B	168
Directors' Shareholdings for Warrants B	168
Top 30 Securities Account Holders (Warrants B)	169

Part 6 : NOTICE OF MEETING

Notice of 21st Annual General Meeting	170
---------------------------------------	-----

Form of Proxy	Enclosed
---------------	----------

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datin Tan Siew Ching (Stacey)
Chairperson and Executive Director

Roy Thean Chong Yew
Independent Non-Executive Director

Dato' Ng Meow Giak
Executive Director

Datuk Md. Hassim Bin Pardi
Independent Non-Executive Director

Ewe Chuan Seng
*Senior Independent
Non-Executive Director*

AUDIT COMMITTEE

Roy Thean Chong Yew
Chairman

Ewe Chuan Seng
Member

Datuk Md. Hassim Bin Pardi
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

Ewe Chuan Seng
Member

Roy Thean Chong Yew
Member

RISK MANAGEMENT COMMITTEE

Roy Thean Chong Yew
Chairman

Datin Tan Siew Ching (Stacey)
Member

Dato' Ng Meow Giak
Member

Ewe Chuan Seng
Member

Datuk Md. Hassim Bin Pardi
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 Property and Services

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@sshb.com.my

PRINCIPAL OFFICES

JAG Berhad
D61-3A, Block D, Jaya One, 72A, Jalan Universiti, 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 extraction, production and refinery of ferrous, non-ferrous and precious metals via the recovery and reclamation of industrial and electronic waste and trading 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 SDN. BHD.**
[formerly known as JAG Development (Perak) Sdn. Bhd.]
(Company No. 1249718-T)

Principal Activities : Property developer, real estate project development, building constructor and property investment

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 2017”	Financial year ended 31 December 2017
“FYE 2018”	Financial year ended 31 December 2018
“FYE 2019”	Financial year ending 31 December 2019
“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 18 March 2019
“MFRS”	Malaysian Financial Reporting Standard
“MCCG”	Malaysian Code on Corporate Governance
“SC”	Securities Commission Malaysia
“the Act” or “CA 2016”	Companies Act 2016

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,

Dear valued shareholders,

In spite of the strong macro-economic headwinds faced by the Group during the year under review, JAG has remained profitable, turning in our 3rd consecutive year of profitability.

This underscores the Board of Directors and Management Team's commitment to drive our core business aggressively, manage cost effectively and invest in new income streams that will deliver sustained yet dynamic growth for our shareholders.

On this note and on behalf of the Board, I am pleased to present to you the Annual Report for JAG for the FYE 2018.

CHAIRPERSON'S STATEMENT

cont'd

ECONOMIC LANDSCAPE

The global economy began on a strong note at the start of 2018 but lost momentum as the year progressed. According to the International Monetary Fund, the slowdown was the result of the implementation of tariffs by major economies, particularly the United States, and the retaliatory measures taken by others countries, including China¹.

In addition, the global economy also experienced fluctuating foreign exchange rates and commodity prices throughout the year. This has had a direct impact on the performance of JAG as our Total Waste Management business is directly correlated to foreign exchange rates and commodity prices.

Closer to home, Malaysia's economy remains resilient in spite of the external economic backdrop and the uncertainties before and after the Malaysian 14th General Election. According to Bank Negara Malaysia, the country's economy grew by 4.7% in 2018, largely driven by strong domestic demand².

Moreover, the Malaysian manufacturing sector grew 5.1% year-on-year during the first half of 2018 and for the whole year, it is expected to grow at 4.9%, largely driven by export-oriented industries³. This had a positive impact on the Group as JAG's revenue is determined by the health of the manufacturing sector, specifically the electrical and electronics ("E&E") industry.

In terms of the property market, the National Property Information Centre (NAPIC) reported that the number of unsold houses in Malaysia reached a new high of 30,115 units worth RM19.54 billion as at the 3rd quarter of 2018. This marked an increase of 9,811 units or RM7.05 billion compared with 20,304 units of unsold houses worth RM12.49 billion as at the 3rd quarter of 2017⁴. However, the Budget 2019 announcement, in particular, the stamp duty waiver for residential properties below RM500,000, funding for lower-income homebuyers and Property Crowdfunding platform, is expected to reignite the property landscape.

FINANCIAL PERFORMANCE

JAG recorded a higher revenue of RM154.4 million compared to RM143.6 million last year. This represents an increase of RM10.8 million or 7.5% and was derived mainly from the higher production and procurement activities of our Total Waste Management business. Clearly, the vibrancy of Malaysia's semiconductor and E&E industries have and will continue to contribute positively to the revenue of our Group.

In spite of the increase in revenue, the Group's profit after tax declined by 79% to RM1.8 million in FYE 2018 against RM8.4 million in FYE 2017. This was mainly due to the volatility of commodities prices, weaker exchange rate and higher cost of sales. Nevertheless, it is important to note that our performance for FYE 2017 was exceptional given the sharp incline in commodity prices and exchange rate during the year. As a result of the decrease in profit after tax year on year, earnings per share declined to 0.12 sen from 0.68 sen a year ago.

A more in-depth analysis of JAG's financial performance can be found in the Management Discussion and Analysis segment in this Annual Report.

DIVIDEND

Taking into account the Group's performance during the year under review and prevailing uncertainties in the operating landscape, the Board of Directors did not recommend any dividend payment for FYE2018.

The Board, supported by the Management, intends to concentrate the Group's attention and resources towards strengthening our entire value chain to bolster future revenue and profitability.

Once the Group is on a firmer financial footing, the Board may consider dividend payments based on the performance and future outlook of the Group.

¹ <https://blogs.imf.org/2018/12/20/5-charts-that-explain-the-global-economy-in-2018/>

² <http://www.bnm.gov.my/files/publication/qb/2018/Q4/p3.pdf>

³ <https://www.theedgemarkets.com/article/mof-malaysian-manufacturing-sector-grow-47-yoy-2019>

⁴ <https://www.edgeprop.my/content/1465899/unsold-homes-reach-new-heights>

CHAIRPERSON'S STATEMENT

cont'd

CORPORATE DEVELOPMENTS

On 21 June 2018, JAG proposed to undertake a private placement of up to 10% of the total number of issued shares in JAG to independent third-party investors. Subsequently, on 11 October 2018, the Company completed the exercise with the issuance of 137,793,700 new ordinary shares at RM0.0555 each and successfully raised gross proceeds of RM7,647,550.

On 19 December 2018, JAG Development Sdn. Bhd., a wholly-owned subsidiary of JAG, entered into a Sale and Purchase Agreement with Hwee Seng & Co. Sdn. Bhd. for the purchase of a parcel of freehold land located in Klang, Selangor. The total purchase consideration of the land, which measures approximately 16,720 square metres in size, is RM14,397,806.40. To date, the terms and conditions of the Sale and Purchase Agreement have yet to be fulfilled and the balance purchase consideration has yet to be paid and as such the acquisition is still pending completion.

CORPORATE SOCIAL RESPONSIBILITY

As a Bursa Malaysia listed company and a socially responsible corporate citizen, JAG has been steadfast in our commitment towards embracing the tenets of sustainability throughout our value chain. We aim to strike an ideal balance between People, Planet and Profit in the way we operate our business. Our strategic direction and efforts towards sustainable practices during the year under review are detailed in the Sustainability Statement section of this Annual Report.

OUTLOOK

Stagnated growth in major economies, the fallout of the on-going U.S.-China trade war and geo-political risks are factors that will weigh down the global and domestic economic outlook as we move further into 2019⁵. These factors will in turn impact foreign exchange rates and commodity prices, which correlates to our Group's performance.

On a more positive note, the Malaysian Investment Development Authority expects higher approved investments of RM13 billion for the E&E industry in 2019, an increase of 16.07% from RM11.2 billion in 2018⁶. This is due to the sector's strong and vibrant ecosystem coupled with robust global demand. The continued vibrancy of the E&E industry will contribute in a positive manner to our Total Waste Management business as it will support the volume of electronic waste we procure from E&E players in Malaysia.

The property market in Malaysia is expected to remain resilient in the first half of 2019 with gradual improvement in market activity, as indicated by the Valuation and Property Services Department. We believe that the silver-lining in the market after several years of stagnation will be timely for JAG as we continue to make tangible progress with our maiden ARCA integrated lifestyle mixed development project in Klang, Selangor. The Group will also be poised to take advantage of an up-cycle as it commits itself to introducing more market-oriented property products that are able to generate sustained income for the Group in the foreseeable future.

All in all, the Board of Directors and the Management Team of JAG will concentrate our efforts to manage cost prudently while improving productivity and operational efficiencies throughout our operations. With our concerted efforts, we are confident that we will be able to turn in improved results for the financial year ending 2019.

APPRECIATION

On behalf of the Board of Directors, I would like to express our deepest gratitude to our shareholders for their continued trust and loyalty to our Group.

We would also like to thank our valued customers, business partners, relevant authorities and bankers for their continued support and faith in JAG.

Last but not least, to all our employees, we are truly appreciative of your dedication, effort and loyalty.

⁵ <https://www.nasdaq.com/article/malaysian-cbank-cuts-2019-economic-growth-forecast-20190327-00788>

⁶ <https://www.thesundaily.my/business/mida-eyes-rm13b-approved-investments-for-ee-industry-in-2019-FE732788>

MANAGEMENT DISCUSSION & ANALYSIS

GROUP OVERVIEW AND STRATEGY

JAG Berhad (“JAG” or “the Group”) is one of the leading Total Waste Management (“TWM”) companies specialised in E-Waste Management in Malaysia. Besides the TWM operations, the Group has also diversified its business to coin operated laundry services, property development, software solutions, and investment holding through its subsidiaries.

TWM division hosted by its core subsidiary, JMI, continued the role of major revenue and profit contributor to the Group in the FYE 2018. JMI’s strategic business plan coupled with cost reduction measures and increased production efficiencies consequently strengthened its competitive advantage by its ability to secure new tender of supplies during the year.

GROUP FINANCIAL PERFORMANCE

The five (5) years Group’s financial performance as below:-

	2018 RM’000	2017 RM’000	2016 RM’000	2015 RM’000	2014 RM’000
Revenue	154,411	143,623	93,579	84,791	130,389
Profit/(Loss) Before Tax	2,595	10,891	2,564	(22,415)	6,756
Finance Costs	1,042	820	635	599	714
Net Profit/(Loss)	1,758	8,397	2,059	(19,791)	6,324
Shareholders’ Equity	154,391	146,587	124,310	123,798	115,828
Total Assets	189,087	178,833	155,192	149,956	150,835
Borrowings	18,076	17,376	15,744	12,896	18,368
Basic Earnings Per Share (sen)	0.12	0.68	0.18	(1.80)	0.66

For the financial year under review (“FYE 2018”), the Group recorded revenue of RM154.4 million compared to RM143.6 million in the FYE 2017, which represents an increase of RM10.8 million or 7.5%. The increase in revenue was mainly contributed by higher production and procurement activities in the TWM division.

The Group reported a profit after tax (“PAT”) of RM1.8 million in FYE 2018, being 79% decreased compared to FYE 2017. This is mainly due to volatility of commodities prices, weaker exchange rate and higher cost of sales during FYE 2018 compared with FYE 2017.

SHAREHOLDERS’ EQUITY

The share capital increased by RM7.6 million from RM140.7 million in FYE 2017 to RM148.1 million in FYE 2018. The increase was mainly due to the fund raising exercise to finance the development expenditure of the property development division.

RM7.6 million has been raised from the corporate exercise, in which 137.8 million new ordinary shares at RM0.0555 per share were issued on 11 October 2018.

TOTAL ASSETS AND LIABILITIES

The Group’s total assets as at the end of FYE 2018 rose by 5.8% to RM189.1 million as compared to RM178.8 million recorded in FYE 2017. The said increase in total assets mainly contributed by TWM division, services division – coin operated laundry business as well as the investment holding division.

MANAGEMENT DISCUSSION & ANALYSIS

cont'd

As part of the Group's belief to contribute towards a greener earth for current and future generations, it is essential for JMI to constantly develop energy-efficient and cost-effective processes to bring out the best results in its recycling activities. These can be achieved through the investment in advanced technology equipment as well as continuation by research and development ("R&D") by the Group. In FYE 2018, JMI had invested RM2.8 million on plant and machinery in order to increase the efficiencies of the production process.

BUSINESS DIVISION REVIEW

TWM Division

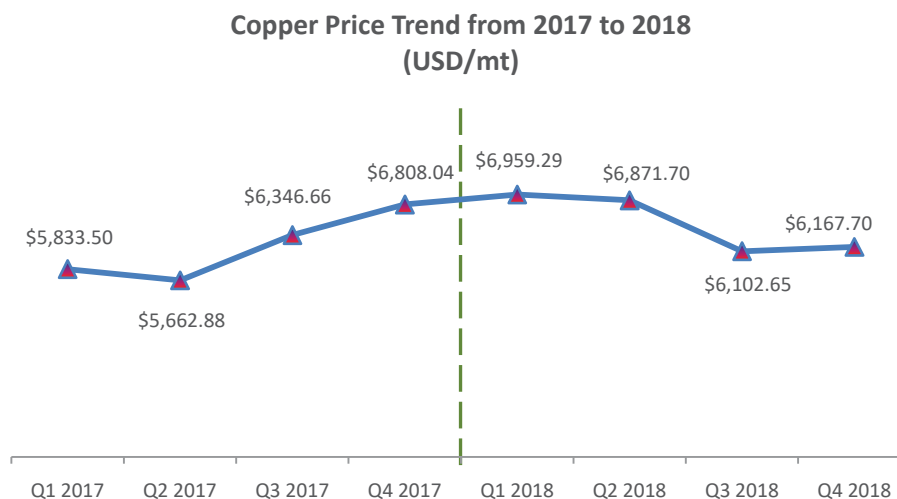
JMI, is one of the market leaders in the E-Waste recovery business in Malaysia. JMI is also one (1) of ten (10) recycling companies in Malaysia with full recovery license awarded by the Department of Environment ("DOE") (License no: 003670)¹. The full recovery license allows the Company to carry out 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:-

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

Since financial year 2017, the major production process controls were fine-tuned to reduce wastage as well as to cater for the increased input volume. The continuous efforts to optimise the capacity and efficiency of the production process had further improved the efficiency of the processing chain, specifically for smelting, precious metal recovery, electrolysis and carbonizing. As a result from the improvement, JMI recorded an increase in output of 55.4% compared to FYE 2017 with the additional capital investment in FYE 2018.

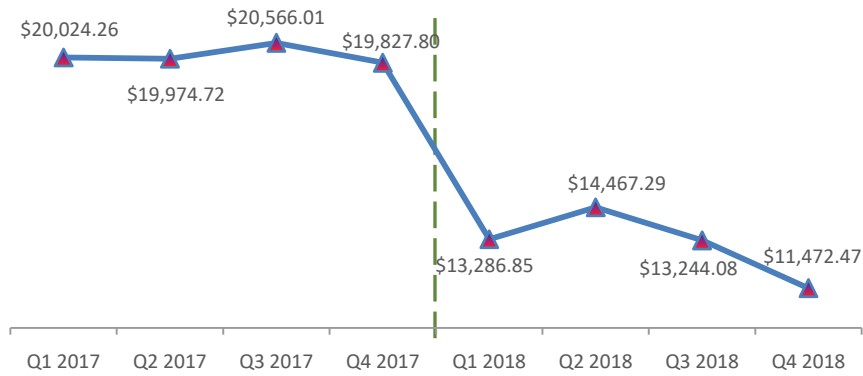
During the FYE 2018, 84.5% of JMI sales revenue was derived from export markets to countries such as China, Japan and Philippines. As such fluctuations in exchange rates and commodity prices will continue to have an impact on the Group's financial performance and position. The fluctuation of major commodity prices traded by JMI in 2017 and 2018 are illustrated as below:-



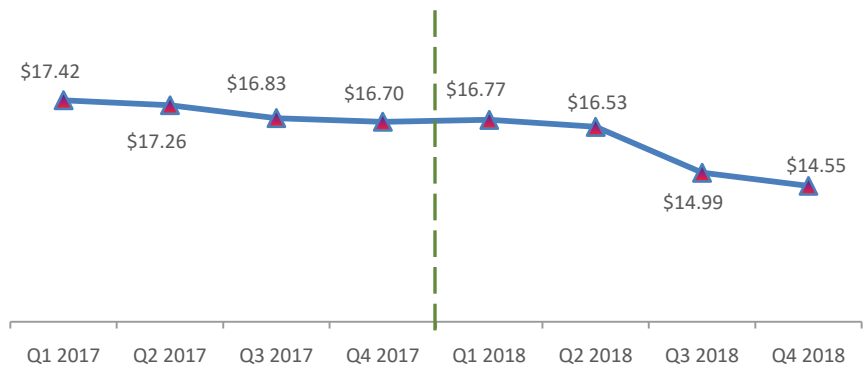
¹ Data from Department of Environment as at 11 March 2019, List of Licensed Schedule Waste Facility/Transporter.

MANAGEMENT DISCUSSION & ANALYSIS *cont'd*

**Nickel Price Trend from 2017 to 2018
(USD/mt)**

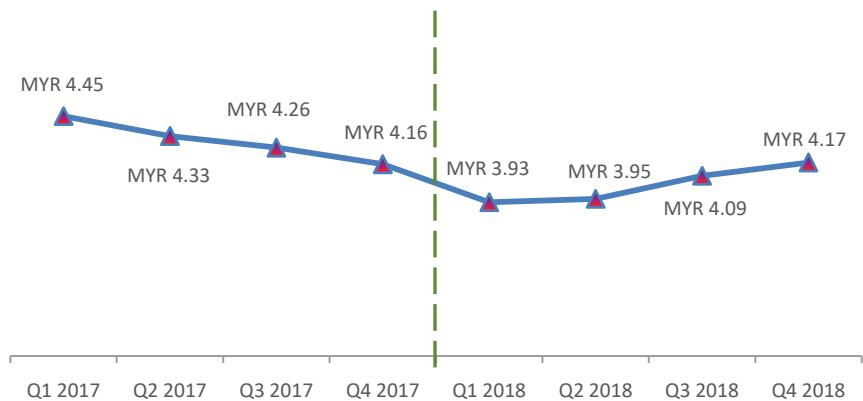


**Silver Price Trend from 2017 to 2018
(USD/Ounce)**



Source: Average price extracted from LME.

**Exchange Rate from 2017 to 2018
(USD 1: MYR)**



Source: Average price extracted from Bank Negara Malaysia.

MANAGEMENT DISCUSSION & ANALYSIS

cont'd

Generally, commodities price such as copper, nickel and silver were in downtrend after the hike in FYE 2017. As presented by World Bank Report in October 2018, softening global demand and growing trade tensions between the United States and China contributed to the fall. The said significant trade tension limited the market sentiment given that China accounts for over 50% of global consumption of copper and silver². In March 2019, the Government of China announced cuts to its value-added taxes to 13% from 16% for most industries to boost an economy continue to slow in face of a trade war with the United States. The action had stimulated the commodities prices such as copper, nickel and tin to rebound.

In respect of Malaysia market, the manufacturing sales posted an increase of 7.5%, rising to RM72.3 billion as compared to RM67.3 billion reported a year ago. The growth was supported by the increase in Electrical and Electronics (“E&E”) products (12%), transport equipment and other manufactured products (9.1%) and petroleum, chemical, rubber and plastic products (5%)³. The statistics from Department of Statistics also showed that the Manufacturing Sector Index increased by 4.4% in December 2018 after registering a growth of 3.7% in November 2018. The major sub-sectors that contributed to the growth were E&E products (7.2%), transport equipment and other manufactured products (7.0%) and petroleum, chemical, rubber and plastic products (3.6%)⁴. As such, sector E&E remained as the main drive of manufacturing industries that support the growth of economy in Malaysia.

In view of the positive outlook mentioned, the Management is confident of JMI’s future prospects. JMI believes with the Group’s investment in the facility and continued effort in optimising the processes, the TWM division is en route to a more sustainable management system. At this juncture, continued strengthening of commodity prices will be favourable to the Group, and thus, gives 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 the Group’s subsidiary, JAG Nasmeh Sdn Bhd (“JAGN”), 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 twelve (12) outlets have been introduced and operated by JAGN in carefully identified dense populated areas around Klang Valley, as at 31 March 2019. 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) Cozy and colourful decoration which provides a comfortable, cheerful and relaxed atmosphere to consumers;
- (ii) Targeted corner units which provide more space for consumers;
- (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.

² A World Bank Report, October 2018. *Commodity Market Outlook 2018 – The Changing of The Guard: Shift in Commodity Demand*.

³ *Monthly Manufacturing Statistics, Malaysia December 2018* by Department of Statistics Malaysia.

⁴ *Index of Industrial Production, Malaysia December 2018* by Department of Statistics Malaysia.

MANAGEMENT DISCUSSION & ANALYSIS

cont'd

Property Development Division

The property arm of the Group had been formed by two (2) subsidiaries, which are JAG Land Sdn. Bhd. (“**JAG Land**”) and JAG Development Sdn. Bhd. (“**JAG Development**”). Currently, JAG Land is in the midst of promoting 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.

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. The sales gallery of ARCA was completed and opened to public since July 2018 and various marketing and promotional activities have been carried out throughout the year.

Whereas for JAG Development, the Company had on 19 December 2018 entered into a Sale and Purchase Agreement to purchase a piece of freehold residential status land in Kemuning Utama, Selangor measuring approximately 16,720 square meter for a total purchase consideration of RM14.4 million (detail of land may refer to announcement dated 19 December 2018). In the meantime, the acquisition of land will serve as land bank for the Group and property development division. The development plan for the said land has yet to be finalised at this juncture, however, the Group will be constantly reviewing its property development plans to suit the market condition.

The Government forecast in Budget 2019 that the Malaysian’s Gross Domestic Product (GDP) will expand to 4.9% in 2019 with the acknowledgement that the country’s economic growth is susceptible to geopolitical tensions and oil price volatility. The Group acknowledged the Budget 2019 had introduced several measures such as stamp duties for property transfers worth more than RM1 million will be increased from 3% to 4%, and the slight upward revision on the rates of Real Property Gains Tax (RPGT). These adverse measures may affect the property market sentiment in year ahead.

In contrast, the exemptions and initiatives, in particular the waiver of stamp duty on the instrument of transfer and loan agreement for residential home valued up to RM300,000/- for a two-year period and six (6) months waiver of stamp duty charges for properties priced from RM300,001/- to RM1.0 million, are expected to kick start the housing market moving into 2019 and beyond. In addition, the introduction of alternative financing through “Property Crowd funding” will further assist first time homebuyers⁵.

In light of this, the Group will focus on reviewing and rolling out products befitting to the market condition in order to maintain and ensure long-term sustainable performance. The Group will also continue to explore new opportunities to expand the landbank for future development as part of our sustainability plan for the division.

Prospects and moving forward

TWM division will continue to be the major revenue and profit contributor to the Group supported by strong development of E&E industries in Malaysia. However, to remain competitive in the waste management industry, sourcing for materials or waste is the biggest challenge for full recovery plant licensed holders. The Management believes that the approach, know-how and waste management facility maintained by the Group are able to sustain the market position of JMI. Furthermore, the continuing efforts of the R&D team to acquire more know-how will definitely strengthen the competitive advantage of JMI.

For the property development division, JAG will continue positioning itself as a boutique developer. The Management will review from time to time and monitor the on-going projects as well as market condition to ensure future development project will meet the demand of the market.

PROFILES OF THE BOARD OF DIRECTORS

DATIN STACEY TAN SIEW CHING

*Chairperson and Executive Director
Malaysian, aged 50, Female*

Date of appointment as Director : 15 March 2011

Length of service as director since appointment (as at LPD) : 8 years

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 five (5) Board of Directors' Meetings of the Company held in the FYE 2018.

DATO' NG MEOW GIAK

*Executive Director
Malaysian, aged 47, Male*

Date of appointment as Director : 5 December 2013

Length of service as director since appointment (as at LPD) : 5 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 major shareholder of the Company effective from 10 December 2013.

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

Working experience:

Dato' Ng started his career in JMI from 1 January 1998 and has over 21 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 all the five (5) Board of Directors' Meetings of the Company held in the FYE 2018.

PROFILES OF THE BOARD OF DIRECTORS

cont'd

ROY THEAN CHONG YEW

*Independent Non-Executive Director
Malaysian, aged 48, Male*

Date of appointment as Director : 18 October 2010

Length of service as director since appointment (as at LPD) : 8 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. In 2009, he left RBMBA to start his own business venture.

With over 23 years of working experience in local and international professional services firms, Mr. Roy Thean has been involved in rendering a wide and diverse range of professional services to public listed companies and multinational and large national enterprises. His work encompasses a wide range of professional services with his core practice being in corporate finance and advisory work for transaction support services including business valuations, financial due diligence, preparation of business plans and financial modeling, internal control and business risk review, corporate governance, risk management, merger/acquisition related services, internal and external auditing.

Time committed:

Mr. Roy Thean attended all the five (5) Board of Directors' Meetings of the Company held in the FYE 2018.

PROFILES OF THE BOARD OF DIRECTORS

cont'd

DATUK MD. HASSIM BIN PARDI
Independent Non-Executive Director
Malaysian, aged 67, Male

Date of appointment as Director : 26 August 2011

Length of service as director since appointment (as at LPD) : 7 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 five (5) Board of Directors' Meetings of the Company held in the FYE 2018.

PROFILES OF THE BOARD OF DIRECTORS

cont'd

EWE CHUAN SENG

Senior Independent Non-Executive Director
Malaysian, aged 63, Male

Date of appointment as Director : 13 August 2014

Length of service as director since appointment (as at LPD) : 5 years and 2 months

Previous Appointment:
7 months
03.11.2010 to 20.06.2011

Current Appointment:
4 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 five (5) Board of Directors' Meetings of the Company held in the FYE 2018.

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 50, Female*

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

DATO' NG AIK KEE, THOMAS

*Managing Director, JMI
Malaysian, aged 49, 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 major shareholder of the Company effective from 10 December 2013.

He is the brother to Dato' Ng Meow Giak and Mr. Ng Yaw Long. Both 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 over 21 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 47, 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 43, 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 year 1998 and subsequently a Master's 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 major shareholder of the Company effective from 10 December 2013.

He is the brother to Dato' Ng Aik Kee and Dato' Ng Meow Giak. Both 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 year 2000 as the Information Technology ("IT") Manager managing IT, hardware and software systems. He was subsequently promoted to be the Operation Director year in 2007. 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 17 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 48, Male*

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

Academic/ Professional Qualification(s) : Mr. Goh obtained his Association of Chartered Certified Accountants ("ACCA") qualification in 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
Malaysian, aged 31, Male*

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

Academic/ Professional Qualification(s) : Mr. Kek graduated from Tunku Abdul Rahman University College with a Bachelor's Degree and Advanced Diploma in Business Studies, Administration and Management in year 2011. He is a member of MIA as well as ACCA.

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 projects such as Goods and Services Tax implementation project, MFRS implementation project, financial due diligence etc. Besides, he also had 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. & JAG Development Sdn. Bhd. (formerly known as JAG Development (Perak) Sdn. Bhd.)
Malaysian, aged 43, Male*

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

Academic/ Professional Qualification(s) : Mr. ST Ng graduated from University of Hertfordshire, United Kingdom with a Bachelor of Civil Engineering in year 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 division via the subsidiaries of the Group namely JAG Land Sdn. Bhd. and JAG Development Sdn. Bhd. (formerly known as JAG Development (Perak) Sdn. Bhd.).

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 was 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 an overview of the CG practices adopted by the Company in achieving the intended outcomes as set out in the Malaysian Code on Corporate Governance (“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 2018.

The CG Report 2018 is available for viewing on the Company’s corporate website at www.jagb.com.my.

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 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.

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 of the Company 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.

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

(b) Review of Management's Proposals and 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 2018, the Management had presented to the Board the following proposal and strategic initiative:-

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 2018 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 2018 and provided guidance to ensure that the assumptions made were realistic and applicable to the Group.

(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

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 *cont'd*

The Board monitors the performance of Management on a regular basis vide insertion of relevant agenda items 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 Nasmeh Sdn. Bhd. at every quarterly Board Meeting for the Board's notation.

At the quarterly Board Meeting, the Executive Directors are required to brief the Board on the operational performance of the Group which include key strategic initiatives, significant operational issues and challenges faced by the Management.

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

(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.

During FYE 2018, the AC assists the Board on managing the risk exposure of the Group in order to achieve its business objective, until the formation of the RMC in February 2018, and the abovesaid roles have been assumed by the RMC thereafter.

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

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*

(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.

(g) Procedures for Effective Communication with Stakeholders

The Board is aware of commitment to enhancing long term shareholders' value through regular communications 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 guidance for the Board to oversee the development of effective IR programmes and strategies to communicate the corporate vision and mission, strategies, development, financial plans and prospects to the investors, financial community and other stakeholders, 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, quarterly announcements of financial results and vide announcements on significant development of the corporate proposals in accordance with the Listing Requirements on a timely basis and in compliance with the applicable financial reporting standards and corporate law.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

I. BOARD RESPONSIBILITIES *cont'd*

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 a 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.

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 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.

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 *cont'd*

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 roles of Chairperson of the Board have 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 2018, 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 2018.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

I. BOARD RESPONSIBILITIES *cont'd*

4. Company Secretaries *cont'd*

- (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 highlighted 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 2018, 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 2018, the Board papers were circulated to the Directors at least three (3) days in electronic form via email prior to the Board Meetings, to allow ample time for Directors to consider the relevant information.

The Board strives to circulate the Board papers at least five (5) business days in advance of the meeting day in the FYE 2019.

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.

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*

Subsequent to the Board Meetings, 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 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 practices, 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

Roles of Senior Independent Non-Executive Director

Mr. Ewe Chuan Seng is the Senior Independent Non-Executive Director (“SID”) of the Company.

The roles of the SID as entail in the Board Charter, include but not limited to the following:-

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

The latest 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 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.

- (i) The guiding principles of the Code are as follow:-
- 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 during FYE 2018, although a brief policy and procedure have been outlined in the Code. In February 2019, the Board has adopted a Whistleblowing Policy.

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 2018, none of the designated persons have received any report or concerns vide the abovementioned communication and feedback channels.

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 2018, 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 roles 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 2018.

However, the Board observes the Practice 4.1 of the 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

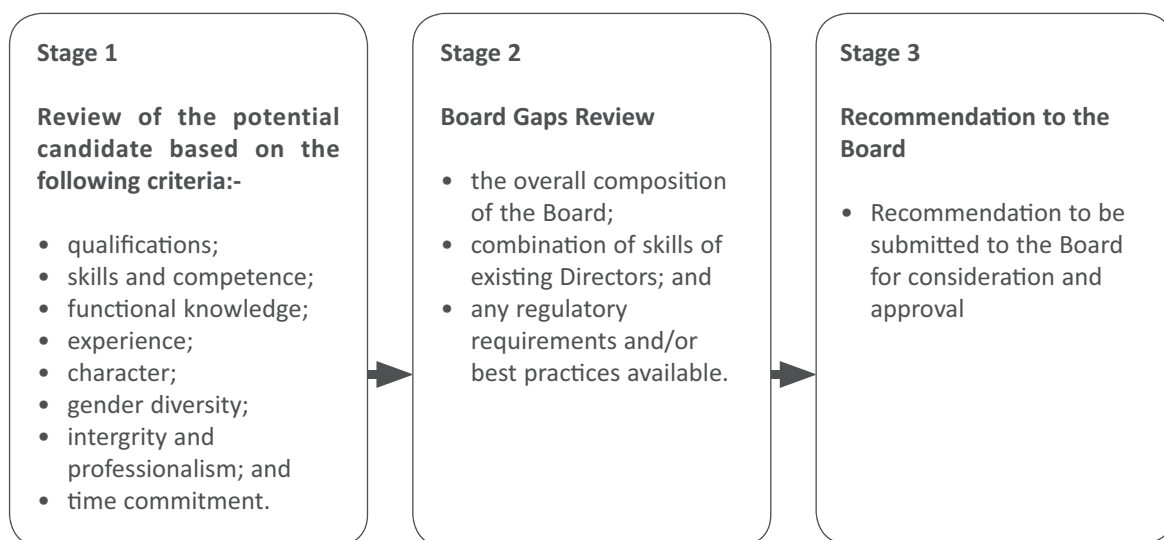
cont'd

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 is 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 2018, 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, the Senior INED of the Company.

The Chairman of the NC led the NC in implementing the Succession Planning Policy for the Group and Emergency Succession Contingency Plan for the Senior Management Team of the Group which was adopted by the Group in year 2016. The said Policy and Plan are still binding to the Group for FYE 2018.

The Chairman of the NC is responsible to lead the NC to carry out annual review of effectiveness of the Board as a whole, and the Board Committees, as well as the contribution and performance of each individual Directors.

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*

For the FYE 2018, the NC comprises exclusively of INEDs and the composition of the NC is as follows:-

Name	Designation	Directorate
Ewe Chuan Seng	Chairman	Senior INED
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.

a) **Summary of Works**

The following works were undertaken by the NC during FYE 2018:-

- (i) Reviewed and confirmed the Minutes of the NC Meeting held in year 2017;
- (ii) Examined the composition of the Board and Board Committees;
- (iii) Reviewed the required mix of skills, experience, gender diversity and other qualities of the Board;
- (iv) Reviewed the meeting attendance of the Board and Board Committees in year 2017 and the sufficiency of time commitment of the Directors in discharging their roles and responsibilities in the Company;
- (v) Evaluated the contribution and performance of each individual Director;
- (vi) Assessed the effectiveness of the Board as a whole and the Board Committees;
- (vii) Reviewed the term of office of the AC and assessed its effectiveness as a whole;
- (viii) Reviewed the length of service of each INED;
- (ix) Reviewed the independence of the INEDs and assessed their ability to bring independent and objective judgement to Board deliberations and proposals;
- (x) Reviewed the training programmes attended by the Directors in year 2017 and identified the training needs of the Directors for FYE 2018;
- (xi) Assessed the suitability of the Director(s) who will be standing for the re-election at the 20th Annual General Meeting of the Company and recommended the same to the Board for approval; and
- (xii) Reviewed the revisions made to the Terms of Reference to be in line with the MCGG and recommended the same to the Board for approval.

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

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 2018 is as follows:-

General Meetings

Name of Directors	Number of Meetings Attended/Held	%
Datin Stacey Tan Siew Ching (Chairperson)	1/1	100.00
Dato' Ng Meow Giak	1/1	100.00
Mr. Roy Thean Chong Yew	1/1	100.00
Datuk Md. Hassim Bin Pardi	1/1	100.00
Mr. Ewe Chuan Seng	1/1	100.00

Board of Directors' Meeting

Name of Directors	Number of Meetings Attended/Held	%
Datin Stacey Tan Siew Ching (Chairperson)	5/5	100.00
Dato' Ng Meow Giak	5/5	100.00
Mr. Roy Thean Chong Yew	5/5	100.00
Datuk Md. Hassim Bin Pardi	5/5	100.00
Mr. Ewe Chuan Seng	4/5	80.00

NC Meeting

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

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*

RC Meeting

Name of Directors	Number of Meeting Attended/Held	%
Datuk Md. Hassim Bin Pardi (Chairman)	2/2	100.00
Mr. Roy Thean Chong Yew	2/2	100.00
Mr. Ewe Chuan Seng	2/2	100.00

RMC Meeting

Name of Directors	Number of Meeting Attended/Held	%
Mr. Roy Thean Chong Yew (Chairman)	1/1	100.00
Datuk Md. Hassim Bin Pardi	1/1	100.00
Mr. Ewe Chuan Seng	1/1	100.00
Datin Tan Siew Ching	1/1	100.00
Dato' Ng Meow Giak	1/1	100.00

The attendance of AC Meetings held during FYE 2018 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 2018.

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 regulatory bodies at each quarterly Board Meeting.

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

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

Based on the training needs identified by the NC for the Directors for FYE 2018, the Directors had participated in the following training programmes:-

Dates	Description of Training Programmes
Datin Stacey Tan Siew Ching	
15/03/2018	Corporate Governance Briefing Sessions: MSSG Reporting & CG Guide
27/03/2018	Audit Committee Conference 2018
17/12/2018	ICDM Power Talk
Mr. Roy Thean Chong Yew	
12/03/2018 & 13/03/2018	Engineering and Chemical Innovation in Palm Oil Mills Guarantees Increment of the Current OER
15/03/2018	Corporate Governance Briefing Sessions: MSSG Reporting & CG Guide
27/03/2018	Audit Committee Conference 2018
16/08/2018 & 17/08/2018	Blockchain Economic Summit
28/08/2018	International Professional Practices Framework Workshop
Dato' Ng Meow Giak	
06/09/2018	Sustainability Engagement Series for Directors/Chief Executive Officers
18/12/2018	30% Club Board Mentoring Scheme
Datuk Md. Hassim Bin Pardi	
06/09/2018	Sustainability Engagement Series for Directors/Chief Executive Officers
Mr. Ewe Chuan Seng	
07/12/2018	How not to be a statistic: The Conveyancing Scam Seminar

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.

Upon review, the NC concluded that the directors' trainings during FYE 2018 were adequate.

2019 Training Needs

The NC has encouraged the Directors to attend more than one (1) continuing education programme in year 2019, whereby it should be in relation to the corporate governance, sustainability, Listing Requirements or Companies Act 2016 related topics.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

II. BOARD COMPOSITION *cont'd*

5. Board Committees *cont'd*

- **RC**

The membership of the RC and summary of the works carried out by the RC to discharge their duties during the FYE 2018 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 2018 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
Lim Ming Hooi	Member	Human Resource Manager

The duties that discharged by SIS Option Committee during FYE 2018 are as follows:-

- Administer the share issuance scheme.
- Reported to the AC at every quarterly AC meeting whether there is any offer of SIS Options to the eligible persons.

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 MCCG, the Board has delegated to the NC to carry out annual assessment on effectiveness of the Board, its Committees and each individual Director.

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*

In FYE 2018, 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 2017:-

(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 2018, for the NC's review.

In conducting the evaluation, the NC had assessed the performance of each individual Directors 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 2018, the NC is satisfied with the performance of the individual Directors for FYE 2017.

(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 2018, 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;

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 2017, and recommended the formation of RMC to assist the Board of Directors in their responsibilities in reviewing and recommending the risk management policies and strategies for the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

II. BOARD COMPOSITION *cont'd*

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 2018.

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.

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 2018, the NC had conducted assessment on Datin Stacey Tan and Mr. Ewe Chuan Seng who shall retire at the 20th 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 was satisfied with the performance of the Retiring Directors and recommended to the Board on their re-election at the 20th AGM. Both the Retiring Directors have been re-elected by the shareholders at the 20th AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. BOARD COMPOSITION cont'd

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	Senior INED
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.

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 2017;
- (ii) Deliberated on the remuneration packages of the Executive Directors for FYE 2018 and recommended the same to the Board for approval;
- (iii) Reviewed the Directors' fees for the FYE 2018 and recommended the same for the Board for consideration;
- (iv) Reviewed the benefits payable to the Directors of the Company and its subsidiaries for the period from 22 May 2018 to the 21st AGM of the Company and recommended the estimated quantum to the Board for consideration;
- (v) Reviewed the Directors' and Senior Management's Remuneration Policy;
- (vi) Reviewed the remuneration packages of the top five (5) senior management in respect of FYE 2017 and FYE 2018;
- (vii) Reviewed and deliberated the proposed revision of monthly salary of the Executive Directors for FYE 2017 and recommended the same to the Board for approval; and
- (viii) Reviewed and revised the Terms of Reference of RC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

II. BOARD COMPOSITION *cont'd*

10. Directors' Remuneration Policy

In compliance with Practice 6.1 of the 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 said Policy was reviewed by the Directors in February 2018 and renamed as Directors' and Senior Management's Remuneration Policy.

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' and Senior Management's Remuneration Policy.

A copy of the said 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 at the RC Meeting (where relevant) and the Board of Directors' Meeting.

It is also stated in the said Policy that Directors who are shareholders should abstain from voting at general meetings to approve their fees.

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 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 2018, 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 Tan Siew Ching	-	-	-	-	-
Dato' Ng Meow Giak	-	-	-	-	-
Total	-	-	-	-	-
Non-Executive Directors					
Datuk Hassim Bin Pardi	-	36,000	-	7,000	43,000
Ewe Chuan Seng	-	36,000	-	6,500	42,500
Roy Thean Chong Yew	-	43,200	-	7,000	50,200
Total	-	115,200	-	20,500	135,700

Received on Group Basis

Name of Director	Salaries RM	Fees RM	Benefits-in-kind RM	Others RM	Total RM
Executive Directors					
Datin Tan Siew Ching	505,440	-	20,525	12,000	537,965
Dato' Ng Meow Giak	504,000	-	28,000	-	532,000
Total	1,009,440	-	48,525	12,000	1,069,965
Non-Executive Directors					
Datuk Hassim Bin Pardi	-	36,000	-	7,000	43,000
Ewe Chuan Seng	-	36,000	-	6,500	42,500
Roy Thean Chong Yew	-	43,200	-	7,000	50,200
Total	-	115,200	-	20,500	135,700

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	-
RM450,001 – RM500,000	1
RM500,001 – RM550,000	2
RM550,001 – RM600,000	1
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' and Senior Management's Remuneration Policy.

The RC had at its meeting held in 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 MCCG, 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 2018 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 MCCG, the AC has instituted 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.

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 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.

In February 2019, the Board of Directors has adopted the policies and procedures to assess the suitability, objectivity and independence of the external auditors.

During FYE 2018, the AC had 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 resolved 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.

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*

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.

The AC noted for the FYE 2018, 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 FYE 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 2018, 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.

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

In compliance with Practice 9.1 of the MCCG, 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 2018, the internal control functions was assumed and overseen by the AC. The risk management function was overseen by the AC up to February 2018 and has subsequently assumed by the RMC after its formation.

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

The Board had formed a RMC to oversee the company’s risk management framework, function and policies. The RMWG reports directly to the RMC. The RMC met once in FYE 2018.

In adopting the Step-Up Practice 9.3 of the 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 three (3) cycles during FYE 2018 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 2018, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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

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.

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 2018, the AC had reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced internal auditors for the FYE 2017 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.

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

In compliance with Practice 11.1 of the MCCG, the Board has developed an internal corporate disclosure practice 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.

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 are responsible for communication with investment community, regulators and media.

Primary Spokespersons:-

- (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 follows:-

(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.

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*

(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.

(e) Investor Relations ("IR") activities

A summary of IR activities conducted for the FYE 2018 is listed below for information:-

Date	Topic of IR activities	Type of IR activities	Audience
28 July 2018 to 29 July 2018	Fun Dae Carnival	Marketing Event	Public
12 October 2018 to 14 October 2018	Malaysia Property Expo (MAPEX)	Road show	Public
2 November 2018 to 4 November 2018	Bumiputera Property Expo 2018	Road Show	Public
5 November 2018 to 11 November 2018	Bumi Property and Lifestyle Expo	Road show	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 20th AGM held in 2018 was issued more than 28 days prior to the meeting. This was to ensure that shareholders were 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 20th AGM, the Company took extra steps to also include explanatory notes to the ordinary business of the 20th AGM, facilitating full understanding and evaluation of issues involved in the proposed resolutions.

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*

(b) Directors' Commitment

All the Directors were present at the 20th AGM of the Company held in 2018 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 invited 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 were given to shareholders to raise issues relating to the affairs of the Company and that adequate responses were given.

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

(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 20th AGM held last year, the resolutions tabled at the 20th 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);
- Age profiles of the shareholders.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

KEY FOCUS AREAS AND FUTURE PRIORITIES

Looking ahead to financial year ending 2019 and 2020, 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; and
- Instil risk awareness and good conduct conscious within the Group.

CONCLUSION

The Board is satisfied that, it complies substantially with the Practices of the MCCG during FYE 2018.

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 2 April 2019.

SUSTAINABILITY STATEMENT

SUSTAINABILITY AND OUR BUSINESS

JAG Berhad (“**the Group**” or “**the Company**”) recognises the importance of sustainability as one of the key-driver for long term business growth where success is defined by more than financial profits. The Group is mindful of the need to develop our business in a sustainable and responsible manner and endeavors to practice, preserve and promote activities that will continually contribute to and benefit the economy, environment and society today and in the future.

The Sustainability Statement published in accordance to the ACE LR with the objective of communicating the Group’s material sustainability matters that reflect significant economic, social and environment impacts of the business.

This statement issued in connection with the FYE 2018 is mainly for our core subsidiary, JMI, given that this business unit contributes approximately 84.5% to the Group’s revenue in FYE 2018.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Group acknowledges that business operations create sustainability related risks to the economy, environment and society. The management has taken responsibility to respond to these risks and embedded sustainable considerations in our business management.

The Group had identified 3 sustainability areas which are:-

- Economic Sustainability;
- Environmental Sustainability; and
- Social and Workplace Responsibility and Sustainability.

ECONOMIC SUSTAINABILITY

The Group is committed to ensure high standards of good corporate governance throughout all levels of the organisation and essentially, the supply chain of the Group.

As such, the Group had undertaken the following commitment and activities in the supply chain and overall corporate governance as below:-

- Inculcating integrity and professionalism in procurement and supply chain management;
- Adhering to the International Organisation for Standardisation (“**ISO**”) requirement in relation to our operation and processes;
- Adhering to Occupational Health and Safety Management System (“**OHSAS**”) requirement at international standard to assure the safety of the workers and uninterrupted supply of products to customer;
- Supporting to the Responsible Business Alliance (“**RBA**”) Code of Conduct. The said RBA Code of Conduct is to ensure that the working conditions in the electronic industries and its total supply chains are safe, workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically; and
- On-going Research and Developments to obtain know-how.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENTAL SUSTAINABILITY

E-waste is a popular and informal name for electronic products nearing the end of their useful life. JMI collects E-Waste such as rejected chip board and integrated circuit ("IC") lead frame from semiconductor manufacturer.

Each year in Malaysia, tons of electronic items become obsolete in the eyes of consumers. Rapid advances in technology and an expanding demand for new features in electrical goods accelerate the generation of old electronic equipment. The result is a growing challenge for businesses, residents and local governments as they search for ways to reuse, recycle or properly dispose of this equipment.

Many components of electronic equipment including metals, plastic and glass can be reused or recycled, while others may present environmental hazards if not managed correctly. Various scraps from Electrical and Electronics ("E&E") items contain high quality minerals such as gold, silver, copper, nickel and other non-ferrous metals.

All items received by JMI are recycled in an ethical and environmental friendly manner. The processes include cutting, crushing, milling, separating, smelting and refining. All materials JMI recycles are put back into use by manufacturer in both local and global markets.

The Group aims to create zero-waste in production processes and is constantly working towards to achieve this objective throughout the years. As JMI, we are constantly able to achieve approximately 95% utilisation of the E-Waste collected across the manufacturing process.

During the year under review, the Group has converted diesel-based machineries and equipment to using natural gas. The conversion does not only benefit the Group financially but also more environmental friendly from the following aspects:-

- Flue gases from natural gas combustion are typically carbon dioxide and water which does not cause deterioration of human health and surrounding air quality. It also does not produce ashes or soot that can contaminate the air;
- Carbon component in natural gas is much less than in fuel oil and emission of carbon dioxide ("CO₂") from natural gas firing is 30% lower compared to diesel. Natural gas is an excellent fuel to arrest the "Green House Effect" now faced by the mother-earth; and
- Natural gas does not contain sulphur in itself and during combustion, it scarcely generates sulfur oxide ("SO_x") into the atmosphere. The life of boiler, chimney stack, economizer, etc., could be increased without SO_x emission which possibly causes sulphuric acid corrosion. SO_x emission is also the main contributor to acid rain and by utilising natural gas, the phenomenon can be controlled. Nitrogen oxide ("NO_x") is generated by nitrogen ("N₂") contain in fuel (fuel NO_x) or from high temperature oxidation of N₂ in air (thermal NO_x). Generally, emission of NO_x from natural combustion is less than 30% of the emission from fuel oils. NO_x emission contributes to the photochemical smog and with the reduction of emission, the problem can be curtailed.

The Group is pleased to report that our business has been carried out in a responsible manner to date and we have all the time complied with all the environmental requirements. Nevertheless, the Group will continuously seek to achieve improvements and further reduce our impact to the environment.

SUSTAINABILITY STATEMENT

cont'd

SOCIAL AND WORKPLACE RESPONSIBILITY AND SUSTAINABILITY

SOCIAL RESPONSIBILITY AND SUSTAINABILITY

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 corporate responsibilities activities. For FYE 2018, the Group through its subsidiary, JMI had participated in campaign organised by Majlis Bandaraya Shah Alam, named MBSA E-Waste Campaign held on 11 March 2018 in Dataran Kemerdekaan, with the objective to increase public awareness and interest of E-Waste recycling.



On 11 April 2018, JMI also participated in the event organised by the Department of Environment (“DOE”) for the purpose of promoting E-Waste recycling, named DOE GSR Briefing in Concorde Hotel, Shah Alam.



WORKPLACE RESPONSIBILITY AND SUSTAINABILITY

As the Group acknowledged human capital being the most important asset with regards to the growth of the business and in maintaining a harmonious working environment. In JAG Group, we view sustainability through four (4) aspects, which are:-

- A. Training and development;
- B. Workplace diversity;
- C. Healthy and safe working environment; and
- D. Employees' well-being.

SUSTAINABILITY STATEMENT

cont'd

SOCIAL AND WORKPLACE RESPONSIBILITY AND SUSTAINABILITY *cont'd*

WORKPLACE RESPONSIBILITY AND SUSTAINABILITY *cont'd*

A. Training and development

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

Respect and considerations among 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.

During FYE 2018, thirty-one (31) training programmes had been carried out both internally and externally to targeted employee groups consisting of Administrative Department, Operation Department as well as the Management.

B. Workplace Diversity

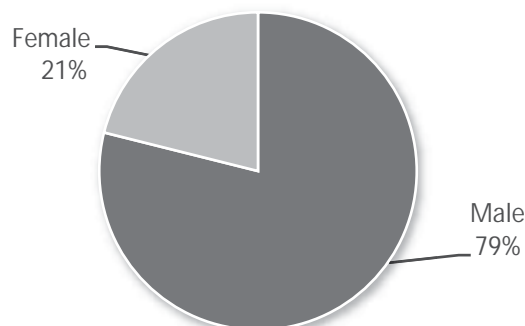
The Group embraces diversity at workplace and does not allow room for any form of discrimination practice against people of different genders, ages, ethnicities, nationalities or marital status.

By employing a diverse workforce, the Group is able to have a better understanding of today's dynamic market demographics. It has also enabled 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 79:21 in the workforce of the Group in terms of Male:Female.

Workforce in term of Gender in JAG Group



SUSTAINABILITY STATEMENT

cont'd

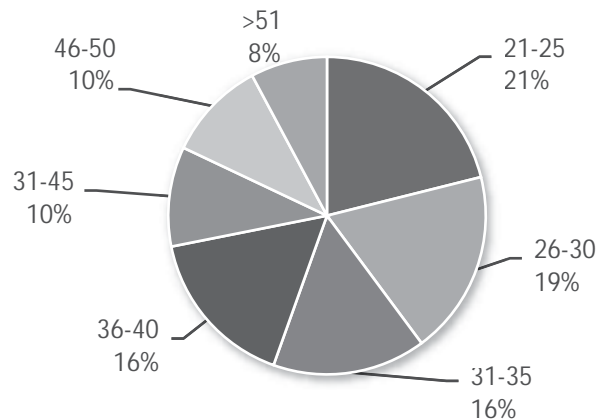
WORKPLACE RESPONSIBILITY AND SUSTAINABILITY *cont'd*

B. Workplace Diversity *cont'd*

Age diversity

As at the LPD, 40% of our employees belong to the age group of between 21 to 30 with the next largest age group being those aged between 31 to 40 (32%). The Group's age demographic broadly reflects the younger age employees form the majority of the workforce.

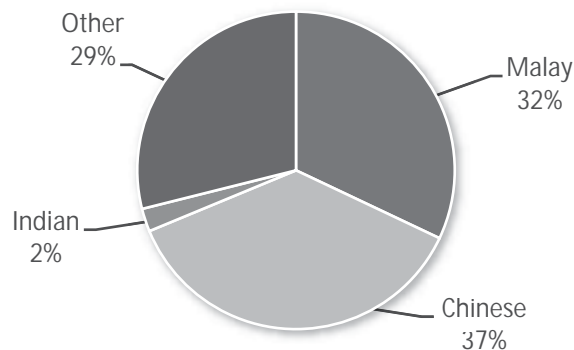
Workforce in term of Age in JAG Group



Ethnicity diversity

As at the LPD, employees of Chinese and Malay ethnicities constituted the largest workforce of the Group at 37% and 32% respectively, with the Non-Malaysian ethnicity employees being the next largest workforce at 29%, followed by Indian ethnicity employees at 2%. Notwithstanding so, the Group's Human Resources Department has been instructed to ensure a well balance hiring of employees during their recruitment process.

Workforce in term of Ethnicity in JAG Group



SUSTAINABILITY STATEMENT

cont'd

WORKPLACE RESPONSIBILITY AND SUSTAINABILITY *cont'd*

C. Healthy and safe working environment

The Group continuously strives 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 2018, two (2) fire and safety drills were conducted on 14 September 2018 and 20 December 2018 respectively.

In addition, the Group adheres to OHSAS's requirement at international standard to assure the safety of the workers as well as supporting to the RBA Code of Conduct, to ensure that the working conditions are safe, workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically

D. Employees' well-being

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

- Group insurance encompassing personal accident, life and medical for all levels of employees;
- 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 employees and best attendance reward;
- Token appreciation for life changing event such as first legal marriage, first three (3) child birth as well as retirement;
- Paid study leave to encourage employees continuous self-development; and
- Arrange for short term certificate study for administrative employees to continue to enhance their work knowledge under Human Resources Development Fund ("HRDF") scheme.

In addition, the Group had celebrated JMI's twenty-first (21st) anniversary in conjunction with the Group's annual dinner on 30 November 2018. At the event, the Group rewarded its employees with more than ten (10) years of services with Long Service Award.

SUSTAINABILITY STATEMENT

cont'd



Last but not least, the Group identifies the importance of sustainability and its increasing impact to the business. The Group is committed to understanding and implementing sustainable practices by exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of 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 date announced a private placement of 137,793,700 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)
10 October 2018	137,793,700	0.0555	7,647,550

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

	Status of utilisation	Amount utilised RM'000	Amount unutilised RM'000
Property development expenses	Partially	2,042	5,006
Working capital	Partially	29	331
Estimated expenses in relation to the Private Placement	Fully	240	-
Total		2,311	5,337

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 2018, 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 2018	40,000	125,000
Non-audit services rendered		
Tax fees in respect of FYE 2018	5,200	35,500
Review of the Statement on Risk Management and Internal Control for Annual Report 2018	4,000	4,000
Total	49,200	164,500

ADDITIONAL COMPLIANCE INFORMATION

cont'd

4. Material Contracts Involving Interest of Directors, Chief Executive who is not a Director or Major Shareholder

There was no material contract entered into by the Group involving the interest of Directors, chief executive who is not a Director or major shareholder, 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 2018, 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

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 2018, 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 2018, in compliance with Rule 15.15(1) of the ACE LR of Bursa Securities and the MCGG.

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.

Furthermore, in adopting the *Step Up Practice 8.4* of the 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 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 22 February 2019, 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 2018.

Upon review, the Nomination Committee was satisfied the overall performance of the Audit Committee and its individual members for FYE 2018. The Nomination Committee had reported its satisfaction to the Board of Directors for notation.

Formal assessment on the External Auditors ("EA")

In compliance with Practice 8.3 of the MCGG, the Audit Committee has in February 2019 adopted the policies and procedures to assess the suitability, objectivity and independence of the external auditors ("**the EA Policy**") 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.

AUDIT COMMITTEE REPORT

cont'd

COMPOSITION *cont'd*

Formal assessment on the External Auditors ("EA") *cont'd*

The EA Policy sets out the criteria in which the Audit Committee would consider in assessing the sustainability, objectivity and independence of the external auditors:-

- (i) Competence, audit quality and resource capability;
- (ii) Independence;
- (iii) Fees;
- (iv) Non-audit services, if any; and
- (v) Issues of material significance auditor matters of disagreement, if any.

The EA Policy also spelt out the approval process for non-audit services rendered by the EA or its affiliates, together with the necessary safeguards to ensure the EA's objectivity and independence be maintained.

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 FYE 2019. The Board has in turn, has recommended the same for shareholders' approval at the forthcoming 21st AGM of the Company.

MEETINGS AND ATTENDANCES

The Audit Committee held a total of five (5) meetings during the FYE 2018 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	5	5	100.00
Datuk Md. Hassim Bin Pardi	5	5	100.00
Mr. Ewe Chuan Seng	5	5	100.00

The lead audit partners of the external auditors responsible for the Group had attended three (3) Audit Committee Meetings held in FYE 2018.

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 2018, 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 would then compile the relevant meeting papers for dissemination to the Audit Committee by email and/or hand.

AUDIT COMMITTEE REPORT

cont'd

MEETINGS AND ATTENDANCES *cont'd*

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

The Terms of Reference ("TOR") of the Audit Committee was last reviewed by the Audit Committee and adopted by the Board of Directors on 23 February 2018, which is in line with the ACE LR and MCCG.

A copy of the latest 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 2018, 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 2017, 31 March 2018, 30 June 2018 and 30 September 2018 and recommended the same for the Board's approval;
- Reviewed the annual budget of the Group for FYE 2018 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 on quarterly basis;
- Reviewed the draft audited financial statements for the financial year ended 31 December 2017 and recommended the same for the Board's approval;
- Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements; and
- Reviewed the budget variance report of the Group.

2. Oversight of External Auditors

- Received the Audit Progress Memorandum prepared by the external auditors for the financial year ended 31 December 2017, covering matters to highlight, key audit matters and significant outstanding information/documents from the audit field works;

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS *cont'd*

2. Oversight of External Auditors *cont'd*

- Reviewed the Audit Planning Memorandum for the FYE 2018 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 personnel;
- 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;
- Review and discussed 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 2018, including any significant issues and concerns arising from the audit; and
- Reviewed the statutory audit fees for FYE 2018 and recommended to the Board's approval.

3. Oversight of Internal Audit Function

- Reviewed the risk-based Internal Audit Plan for the Group for FYE 2018 and approved for adoption of the same by the Group throughout FYE 2018;
- Reviewed the Internal Audit Reports for the financial year ended 31 December 2017 and FYE 2018 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 and assessed the adequacy of the scope, functions, competency and resources of the outsourced internal auditors for the financial year ended 31 December 2017 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, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement to be included in the Annual Report 2017; and
- Reviewed and revised the TOR of the Audit Committee to be in line with MCCG.

5. Oversight of Risk Management Working Group and Function

- Deliberated the updates from the Risk Management Working Group ("RMWG") 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, prior to the formation of Risk Management Committee on 26 February 2018; and

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS *cont'd*

5. Oversight of Risk Management Working Group and Function *cont'd*

- Reviewed the Risk Register of the Group prior to the formation of Risk Management Committee on 26 February 2018.

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

AUDIT COMMITTEE REPORT

cont'd

INTERNAL AUDIT FUNCTION *cont'd*

(1) Appointment *cont'd*

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>
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.

For FYE 2018, 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 2018

During the FYE 2018, 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.

AUDIT COMMITTEE REPORT

cont'd

INTERNAL AUDIT FUNCTION *cont'd*

(2) Summary of Works of the Internal Audit Function for FYE 2018 *cont'd*

For FYE 2018, 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"> Report on Follow-up Review of Enterprise Risk Management 	First Quarter of 2018
JAG System Sdn. Bhd.	<ul style="list-style-type: none"> Policies and Procedures Financial Management Human Resources Management Operations Management 	Second Quarter of 2018
JAG Land Sdn. Bhd.	<ul style="list-style-type: none"> Policies and Procedures Land Development and Operations 	Third Quarter of 2018

(3) Total costs incurred for FYE 2018

The total cost incurred for the outsourced internal audit function of the Group for the FYE 2018 is amounted to RM36,000/- (2017: RM36,000/-).

This Audit Committee Report is made in accordance with the Resolution passed by the Directors at the Board of Directors' Meeting held on 2 April 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on 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 Guidances 9.1 and 9.2 relating to risk management and internal controls framework provided in the MCGG as well as the Guidelines for Directors of Public Listed Issuers – Statement on Risk Management and Internal Control (“Guidelines on SORMIC”).

The following statements outline the scope and nature of internal control system and risk management framework for the FYE 2018.

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 2018, 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”)

The Board has adopted the Step-Up Practice 9.3 of the MCGG, 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
Datin Tan Siew Ching	Member	Chairperson and Executive Director
Dato’ Ng Meow Giak	Member	Executive Director
Mr. Ewe Chuan Seng	Member	Senior INED
Datuk Md. Hassim Bin Pardi	Member	INED

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 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.

During the FYE 2018, the RMC met once since its formation on 26 February 2018.

Risk Management Working Group ("RMWG")

The RMWG is established since the 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.

Prior to the formation of RMC on 26 February 2018, the RMWG reports to the Audit Committee ("AC") on the risk findings and subsequent thereto the RMWG reports directly to the RMC.

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
Ms. Lim Ming Hooi	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 AC 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 2018 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.

Prior to the formation of the RMC on 26 February 2018, the Risk Register was tabled to the AC for review at the AC meetings, subsequent to that, the RMC has taken over the roles from the AC.

C. RISK MANAGEMENT ACTIVITIES DURING FYE 2018

During the FYE 2018, the summary of activities carried out by the AC and subsequently by the RMC in respect of Risk Management is as follows:-

- The RMWG met once in FYE 2018 and maintained constant communication via emails for discussions on matters concerning risk management of the Group. Assessed risk ratings, risk matters, monitored implementation of mitigation procedures and reviewed the Risk Register of the Group to ensure relevance to the Group.
- Deliberated updates of the development of risk matters of the Group.

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 is outsourced to an independent service provider, Morison, an established local accounting and business advisory practice provider in Malaysia. Prior to their appointment, the AC 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 would prepare 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 assess the Group's compliance with policies and procedures as well as relevant laws and regulations. Morison then provide reports on issues relating to internal controls and the associated risks together with recommendations for appropriate actions to the AC.

Summary of Works Undertaken by the Internal Auditors

For FYE 2018, Morison had:-

- Carried out their activities in accordance with the scope of work and audit plan for FYE 2018.
- Presented their findings to the AC on quarterly basis and recommended corrective actions for the Management.
- Conducted follow-up review on their previous internal audit reports and 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 2018, the AC 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 preceding financial year ended 31 December 2017.

Based on the collated results of the above said assessment, the AC 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 AC 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 AC 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 2018 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 Audit and Assurance Practice Guides 3 ("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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

REVIEW OF THIS STATEMENT *cont'd*

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.

CONCLUSION

The Board has received assurance from the Financial Controller and the Executive Directors that the function of the Group'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 2 April 2019.

STATEMENT OF 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 of Directors' Responsibility for preparing the financial statements is approved by the Board of Directors on 2 April 2019.

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 2018.

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	1,694,762	1,294,213
Non controlling interest	62,936	-
	1,757,698	1,294,213

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 and paid the following dividend in respect of financial year ended 31 December 2017:

	RM
Final single tier interim dividend of RM0.001 per ordinary share, paid on 7 June 2018	1,376,914

The directors do not recommend any dividend payment in respect of the current financial year.

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 137,793,700 new ordinary shares at an issue price of RM0.0555 per share for cash to investors for the purposes of increasing the working capital of the subsidiaries; and
- (b) Issue of 6,839 new ordinary shares for cash pursuant to the exercise of 6,839 Warrants 2017/2020 at an exercise price of RM0.15 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.

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.

The Company also 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.

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

	Entitlement for ordinary shares			Balance at 31.12.2018 '000
	Balance at 1.1.2018 '000	Exercised '000	Expired '000	
Number of unexercised warrants				
Warrants 2014/2019	317,365	-	-	317,365
Warrants 2017/2020	194,772	(7)	-	194,765

The salient features of the Warrants 2014/2019 and Warrants 2017/2020 are disclosed in Note 22.1 and Note 22.2 to the financial statements respectively.

DIRECTORS' REPORT

cont'd

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 31.12.2018 '000
	Balance at 1.1.2018 '000	Exercised '000	Lapsed '000	
	1 July 2015	31,799	-	

The salient features of the SIS are disclosed in Note 22.3 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' 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:

Shareholdings registered in the name of directors:	Number of ordinary shares			Balance as at 31.12.2018
	Balance as at 1.1.2018	Bought	Sold	
	Datin Tan Siew Ching	54,443,989	-	
Datuk Md Hassim bin Pardi	-	-	-	-
Dato' Ng Meow Giak	183,177,366	-	-	183,177,366
Roy Thean Chong Yew	-	-	-	-
Ewe Chuan Seng	-	-	-	-

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS IN SHARES *cont'd*

	Number of options over ordinary shares			Balance as at 31.12.2018
	Balance as at 1.1.2018	Exercised	Lapsed	
Share options registered in the name of directors:				
Datin Tan Siew Ching	-	-	-	-
Datuk Md Hassim bin Pardi	-	-	-	-
Dato' Ng Meow Giak	15,072,911	-	-	15,072,911
Roy Thean Chong Yew	-	-	-	-
Ewe Chuan Seng	-	-	-	-
	Number of Warrants 2014/2019 over ordinary shares			
	Balance as at 1.1.2018	Bought	Sold	Balance as at 31.12.2018
Warrants registered in the name of directors:				
Datin Tan Siew Ching	11	-	-	11
Datuk Md Hassim bin Pardi	-	-	-	-
Dato' Ng Meow Giak	28,285,409	-	(28,285,409)	-
Roy Thean Chong Yew	-	-	-	-
Ewe Chuan Seng	-	-	-	-
	Number of Warrants 2017/2020 over ordinary shares			
	Balance as at 1.1.2018	Bought	Sold	Balance as at 31.12.2018
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' REPORT

cont'd

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 a company in which certain directors of a subsidiary have interests as disclosed in Note 31.1 to the financial statements.

The details of the directors' remuneration are disclosed in Note 6 to the financial statements.

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.

INDEMNITY AND INSURANCE

The total amount of indemnity insurance effected for directors of the Company for the financial year amounted to RM1,000,000 (any one claim and in annual aggregation). There was no indemnity given to or insurance effected for any officers and auditors of the Company during the financial year.

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.

DIRECTORS' REPORT

cont'd

OTHER STATUTORY INFORMATION *cont'd*

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.

AUDITORS

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

The auditors' remuneration for the Group and the Company is disclosed in Note 6 to the financial statements

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: 2 April 2019

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 of the Company as at 31 December 2018, 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: 2 April 2019

STATUTORY DECLARATION

I, **KEK BENG SOON** (MIA NO: 44259), being the officer 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 **KEK BENG SOON** at)
Kuala Lumpur in Wilayah Persekutuan on)
2 April 2019)

KEK BENG SOON

Before me,

COMMISSIONER FOR 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 2018, 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 2018, 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 16 in the financial statements, the Group carries inventories at the lower of cost and net realisable value. As at 31 December 2018, the Group held inventories of RM46,410,649 representing 25% of total assets of the Group.

The Group's main raw material 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 is 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.

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

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

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.
- 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.

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*

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 Chin Kim Chung.

RUSSELL BEDFORD LC & COMPANY
AF 1237
CHARTERED ACCOUNTANTS

CHIN KIM CHUNG
02006/09/2020 J
CHARTERED ACCOUNTANT

Kuala Lumpur
Date: 2 April 2019

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	4	154,410,378	143,622,818	558,500	702,300
Other operating income		1,168,671	1,226,279	1,400,000	10,100,000
Direct costs		(1,618,009)	(5,402,052)	-	-
Changes in inventories of finished goods and work in progress		2,785,195	7,204,467	-	-
Raw materials and consumables used		(123,330,192)	(107,329,563)	-	-
Changes in inventories of trading merchandise		(1,899,200)	(2,215,001)	-	-
Staff costs	5	(11,219,786)	(11,206,843)	(334,288)	(249,654)
Depreciation and amortisation		(4,624,151)	(3,982,475)	-	-
Reversal of impairment losses on receivables - net	6	585,971	1,165,505	-	-
Other operating expenses		(13,016,221)	(11,589,370)	(357,654)	(815,264)
Profit from operations	6	3,242,656	11,493,765	1,266,558	9,737,382
Finance income	7	394,324	216,922	27,655	35,491
Finance costs	8	(1,041,590)	(819,911)	-	-
Net finance (costs)/income		(647,266)	(602,989)	27,655	35,491
Profit before tax		2,595,390	10,890,776	1,294,213	9,772,873
Income tax expense	9	(837,692)	(2,494,053)	-	(34)
Net profit/Total comprehensive income for the year		1,757,698	8,396,723	1,294,213	9,772,839
Net profit/Total comprehensive income attributable to:					
Owners of the Company		1,694,762	8,346,294	1,294,213	9,772,839
Non controlling interest		62,936	50,429	-	-
		1,757,698	8,396,723	1,294,213	9,772,839
Earnings per share (sen)					
- Basic	10	0.12	0.68		
- Diluted	10	-	0.65		

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

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Non current assets					
Property, plant and equipment	11	83,385,131	78,801,452	9	9
Land held for property development	12	-	-	-	-
Intangible assets	13	103,056	103,880	-	-
Investment in subsidiaries	14	-	-	98,114,884	98,114,884
Other investments	15	-	-	-	-
Other receivables	19	-	-	31,900,000	-
		83,488,187	78,905,332	130,014,893	98,114,893
Current assets					
Inventories	16	46,410,649	46,929,991	-	-
Property development costs	17	19,588,354	18,576,000	-	-
Trade receivables	18	9,095,128	9,593,650	-	-
Other receivables, deposits and prepayments	19	7,751,830	8,963,061	29,345,975	51,625,362
Tax recoverable		241,734	964,764	4,000	2,000
Other investments	15	7,038,199	1,537,023	-	-
Derivative assets	20	-	321,350	-	-
Fixed deposits with licensed banks	21	6,305,817	2,190,119	363,727	342,348
Cash and bank balances		9,167,393	10,851,629	279,255	2,635,422
		105,599,104	99,927,587	29,992,957	54,605,132
Total assets		189,087,291	178,832,919	160,007,850	152,720,025

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

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

cont'd

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Equity					
Share capital	22	148,109,820	140,686,433	148,109,820	140,686,433
Reserves	23	6,113,787	5,795,939	11,802,399	11,885,100
Equity attributable to owners of the Company					
		154,223,607	146,482,372	159,912,219	152,571,533
Non-controlling interest		167,824	104,888	-	-
Total equity		154,391,431	146,587,260	159,912,219	152,571,533
Non current liabilities					
Hire purchase liabilities	24	1,017,731	57,500	-	-
Deferred income	25	867,973	1,007,985	-	-
Term loans	26	8,591,495	8,976,334	-	-
Deferred tax liabilities	27	3,600,436	3,338,436	-	-
		14,077,635	13,380,255	-	-
Current liabilities					
Trade payables	28	6,396,136	7,412,818	-	-
Other payables and accruals	29	5,755,245	3,111,112	95,631	148,492
Short term borrowings	30	8,023,074	8,263,326	-	-
Hire purchase liabilities	24	443,770	78,148	-	-
		20,618,225	18,865,404	95,631	148,492
Total liabilities		34,695,860	32,245,659	95,631	148,492
Total equity and liabilities		189,087,291	178,832,919	160,007,850	152,720,025

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018	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
Transactions with owners										
Dividend paid	-	-	-	-	-	-	(1,376,914)	(1,376,914)	-	(1,376,914)
Issue of shares pursuant to										
- private placement	7,647,550	-	-	-	-	-	-	7,647,550	-	7,647,550
- exercise of warrants	1,026	-	-	-	-	-	-	1,026	-	1,026
Share issue expenses	(225,189)	-	-	-	-	-	-	(225,189)	-	(225,189)
	7,423,387	-	-	-	-	-	(1,376,914)	6,046,473	-	6,046,473
Net profit/Total comprehensive income for the year	-	-	-	-	-	-	1,694,762	1,694,762	62,936	1,757,698
At 31 December 2018	148,109,820	9,140,860	23,378,833	(72,050,600)	1,541,798	(100,000)	44,202,896	154,223,607	167,824	154,391,431

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

cont'd

Group	Share capital	Share premium	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 2018
cont'd

Company	Share capital RM	Share premium RM	Share issuance scheme ("SIS") reserve RM	Treasury shares RM	Retained profits RM	Total RM
At 1 January 2018	140,686,433	9,140,860	1,541,798	(100,000)	1,302,442	152,571,533
Transactions with owners:						
Dividend paid	-	-	-	-	(1,376,914)	(1,376,914)
Issue of shares pursuant to						
- private placement	7,647,550	-	-	-	-	7,647,550
- exercise of warrants	1,026	-	-	-	-	1,026
Share issue expenses	(225,189)	-	-	-	-	(225,189)
	7,423,387	-	-	-	(1,376,914)	6,046,473
Net profit/Total comprehensive income for the year	-	-	-	-	1,294,213	1,294,213
At 31 December 2018	148,109,820	9,140,860	1,541,798	(100,000)	1,219,741	159,912,219

Company	Share capital RM	Share premium RM	Share issuance scheme ("SIS") reserve RM	Treasury shares RM	(Accumulated losses)/ Retained profits 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

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from/(used in) operating activities				
Profit before tax	2,595,390	10,890,776	1,294,213	9,772,873
Adjustments for:				
Allowance for impairment of receivables	59,767	224,134	-	-
Allowance for impairment of receivables no longer required	(645,738)	(1,389,639)	-	-
Amortisation of club memberships	824	824	-	-
Changes in fair value of				
- other investments	(330,471)	291,817	-	-
- derivative financial instruments	-	(872,931)	-	-
Depreciation	4,623,327	3,981,651	-	-
Dividend income	(98,200)	(19,180)	(1,400,000)	(10,100,000)
Gain on disposal of plant and equipment	(223,917)	(105,186)	-	-
Government grant income	(140,012)	(140,012)	-	-
Impairment of investment in a subsidiary	-	-	-	110,385
Income distributed from financial assets at fair value through profit or loss	-	(63,580)	-	-
Interest expense	1,041,590	819,911	-	-
Interest income	(394,324)	(216,922)	(27,655)	(35,491)
Plant and equipment written off	72,924	1,995	-	-
Unrealised loss on foreign exchange	418,953	353,081	-	-
Realised gain on foreign exchange - cash and cash equivalents	(5,947)	190,277	-	-
Operating profit/(loss) before working capital changes	6,974,166	13,947,016	(133,442)	(252,233)
Decrease/(Increase) in inventories	519,342	(13,235,346)	-	-
Decrease in derivative assets	321,350	-	-	-
(Increase)/Decrease in other investments	(5,170,705)	2,711,371	-	-
Increase in development costs	(1,012,354)	-	-	-
Decrease/(Increase) in trade and other receivables	3,612,085	(4,542,205)	3,289	(11,086)
Increase/(Decrease) in trade and other payables	1,364,546	(1,045,091)	(52,861)	32,686
Cash generated from/(used in) operations	6,608,430	(2,164,255)	(183,014)	(230,633)
Income tax paid	(611,194)	(273,047)	(2,000)	(4,013)
Income tax refunded	758,532	2,109,875	-	-
Net cash from/(used in) operating activities	6,755,768	(327,427)	(185,014)	(234,646)

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018
cont'd

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from/(used in) investing activities				
(Advances to)/Repayments from subsidiaries	-	-	(9,623,902)	(21,856,123)
Subscription of shares in subsidiaries	-	-	-	(1,249,998)
Deposits paid for purchase of land held for development	(1,472,409)	-	-	-
Dividends received	98,200	19,180	1,400,000	10,100,000
Increase in fixed deposits pledged	(41,736)	(38,326)	-	-
Interest received	394,324	216,922	27,655	35,491
Increase in land held for property development	-	(4,516,504)	-	-
Proceeds from disposal of plant and equipment	248,000	105,188	-	-
Purchase of other investments	-	(12,659)	-	-
Purchase of property, plant and equipment	(6,737,013)	(4,196,230)	-	-
Net cash used in investing activities	(7,510,634)	(8,422,429)	(8,196,247)	(12,970,630)
Cash flows from/(used in) financing activities				
Dividend paid	(1,376,914)	(1,266,040)	(1,376,914)	(1,266,040)
Interest paid	(1,041,590)	(819,911)	-	-
Proceeds from issue of shares	7,648,576	15,529,010	7,648,576	15,529,010
Payment for share buy back	-	(100,000)	-	(100,000)
Share issue expenses	(225,189)	(282,324)	(225,189)	(282,324)
Repayments of term loans	(1,123,160)	(1,041,644)	-	-
Repayments of hire purchase liabilities	(274,147)	(269,860)	-	-
Net cash from financing activities	3,607,576	11,749,231	6,046,473	13,880,646
Net increase/(decrease) in cash and cash equivalents	2,852,710	2,999,375	(2,334,788)	675,370
Cash and cash equivalents at beginning of year	4,546,418	1,737,320	2,977,770	2,302,400
Effect of exchange differences	5,947	(190,277)	-	-
Cash and cash equivalents at end of year	7,405,075	4,546,418	642,982	2,977,770

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

cont'd

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and cash equivalents comprise:				
Cash and bank balances	9,167,393	10,851,629	279,255	2,635,422
Fixed deposits with licensed banks	6,305,817	2,190,119	363,727	342,348
Bank overdraft	(6,706,043)	(7,174,974)	-	-
	8,767,167	5,866,774	642,982	2,977,770
Less: Fixed deposits pledged	(1,362,092)	(1,320,356)	-	-
	7,405,075	4,546,418	642,982	2,977,770

Reconciliation of liabilities arising from financing activities - Group

	1.1.2018 RM	Cash flows RM	Non-cash changes RM	31.12.2018 RM
Hire purchase liabilities	135,648	(274,147)	1,600,000	1,461,501
Term loans	10,064,686	(1,123,160)	967,000	9,908,526

	1.1.2017 RM	Cash flows RM	Non-cash changes RM	31.12.2017 RM
Hire purchase liabilities	305,508	(269,860)	100,000	135,648
Term loans	11,106,330	(1,041,644)	-	10,064,686

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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 2 April 2019.

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 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 other than as follows:

i) MFRS 9 Financial Instruments

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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*

i) MFRS 9 Financial Instruments *cont'd*

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.

The effect of adopting MFRS 9 is disclosed in Note 36.1.

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 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.

The Group is in the process of making an assessment of where the impact of MFRS 16 is expected to be in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

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 transactions and events in similar circumstances.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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*

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.

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 a 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 recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
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*

Revenue recognition *cont'd*

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Sales of goods

Revenue from sale of goods is recognised at a point in time when control of the assets is transferred to the customer, i.e. upon delivery of goods to the customers.

Revenue from sale of investments is recognised at a point in time when the sale contract is concluded.

Rendering of services

Revenue from proprietary software solutions services is recognised using an input method to measure progress towards complete satisfaction of the services.

Revenue from management and software maintenance services is recognised over time on a straight line basis over the contract period.

Revenue from other services are recognised at a point in time where services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

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.

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

	2018	2017
	RM	RM
United States Dollar	4.136	4.048
Japanese Yen	0.037	-
Euro	4.728	4.844

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
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*

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.

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 property, plant and equipment.

Development property and 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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 and costs *cont'd*

(i) Land held for property development *cont'd*

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.

(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.

Incremental cost of obtaining a contract with a customer is recognised as assets, if the entity expects to recover the cost. The capitalised costs are amortised on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer.

Property development costs are subsequently recognised as expense in profit or loss when or as the entity's performance obligation is satisfied over time or at a point in time.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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*

Intangible assets *cont'd*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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*

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.

Lease income from operating leases where the Group is a lessor is recognised in profit or loss on a straight line basis over the lease term.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
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

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 (unless it is a trade receivable without a significant financing component) is recognised initially at its fair value plus or minus, 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. A trade receivable without significant financing component is initially measured at the transaction price.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income in profit or loss.

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.

On initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss. Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at fair value through profit or loss or at amortised cost, as appropriate.

(i) Financial assets at amortised cost

A financial asset is classified at amortised cost if it meets both of the following conditions:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains or losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process (finance income).

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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*

(ii) Financial assets at fair value through profit or loss *cont'd*

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 does not include exchange differences, interest and dividend income. Exchange differences and interest 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. Dividends are recognised as other income in profit or loss when the right of payment has been established

(iii) Financial liabilities at amortised cost

Financial liabilities are classified at amortised cost if they are not:

- a) contingent consideration of an acquirer in a business combination;
- b) financial guarantee contracts;
- c) loan commitments;
- d) designated at fair value through profit or loss; or
- e) liabilities that arise when a transfer of a financial asset that does not qualify for derecognition or when the continuing involvement approach applies.

Subsequent to initial recognition, financial liabilities at amortised cost are measured using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities at amortised cost are derecognised, and through the amortisation process (finance cost).

(iv) 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.

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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*

(v) Equity instruments *cont'd*

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 reissued 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 (except for equity investment at FVOCI) is recognised in profit or loss. On derecognition of equity investment at FVOCI, any cumulative gain or loss that had been recognised in equity is not reclassified to profit or loss, but is transferred to retained earnings.

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.

Expected credit losses for debt instruments at amortised cost

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments at amortised cost.

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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*

Expected credit losses for debt instruments at amortised cost *cont'd*

When determining whether the credit risk of a debt instrument has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

For trade receivables, the Group applies a simplified approach in calculating ECL. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Where applicable, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

The Group considers a debt instrument to be in default when:

- a) The Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group; or
- b) The financial asset is more than 60 days past due.

Loss allowances for debt instruments measured at amortised cost are deducted from the gross carrying amount of the assets.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Current versus non-current classification

Assets and liabilities are presented based on a current/non-current classification. An asset is current when it is:

- a) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- b) Held primarily for the purpose of trading;
- c) Expected to be realised within twelve months after the reporting period; or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
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*

Current versus non-current classification *cont'd*

A liability is current when:

- a) It is expected to be settled in the normal operating cycle;
- b) It is held primarily for the purpose of trading;
- c) It is due to be settled within twelve months after the reporting period; or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *cont'd*

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.

4. REVENUE

4.1 Disaggregation of revenue

Set out below is the disaggregation of revenue from contracts with customers:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Type of goods or services				
Management fees	-	-	558,500	702,300
Sale of manufactured goods	147,452,891	129,472,340	-	-
Proprietary solutions and software maintenance	571,241	705,508	-	-
Trading of goods	2,285,437	5,183,860	-	-
Trading of shares	382,714	5,542,045	-	-
Laundry services	3,718,095	2,719,065	-	-
	154,410,378	143,622,818	558,500	702,300
Timing of revenue recognition				
At a point in time	153,932,523	143,134,427	-	-
Over time	477,855	488,391	558,500	702,300
	154,410,378	143,622,818	558,500	702,300

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
cont'd

4. REVENUE *cont'd*

4.2 Performance obligations

Segment	Nature of goods and services	Satisfaction of performance obligations	Significant payment terms
Manufacturing	Manufactures and sells ferrous, non-ferrous and precious metals via the recovery and reclamation of industrial and electronic waste	Revenue recognised upon delivery of goods	Substantial payment in advance prior to delivery and the remaining balance generally due within 30 to 90 days from delivery
Trading of goods	Trading of ferrous and non-ferrous metals	Revenue recognised upon delivery of goods	Generally due within 30 to 90 days from delivery
Laundry services	Coin-operated laundry business	Revenue recognised upon services rendered	Cash basis
Trading of shares	Trading of quoted equity instruments	Revenue recognised upon conclusion of sale contract	Generally 3 days from contract date
Proprietary solutions and software maintenance	Proprietary solutions service	Revenue is recognised over time by using input method to measure progress towards satisfaction of services	Generally 30 to 60 days from billing date
Proprietary solutions and software maintenance	Software maintenance	Revenue is recognised over time using straight line basis over the contract period	Generally 30 to 60 days from billing date

The Company provides management services to its subsidiaries and the performance obligation is satisfied over time using straight line basis over the service period and payment is generally due within 30 days upon billing.

4.3 Transaction price allocated to the remaining performance obligation

For practical expediency, no information is provided on the remaining performance obligation at the reporting date that have an original expected duration of one year or less as allowed under the paragraph 121(a) of MFRS 15.

4.4 Financing components

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

5. STAFF COSTS

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Salaries, wages, bonus and allowances	10,190,534	10,292,675	311,700	230,926
Defined contribution plan	826,963	747,288	18,240	13,836
Other employee related expenses	202,289	166,880	4,348	4,892
	11,219,786	11,206,843	334,288	249,654

6. PROFIT FROM OPERATIONS

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit from operations is arrived at after charging/(crediting):				
Allowance for impairment of receivables	59,767	224,134	-	-
Allowance for impairment of receivables no longer required	(645,738)	(1,389,639)	-	-
Reversal of impairment losses on receivables - net	(585,971)	(1,165,505)	-	-
Auditors' remuneration				
- statutory audit				
- current year	125,000	123,000	40,000	40,000
- over provision in prior years	(1,000)	(2,000)	-	(2,000)
Changes in fair value of				
- derivative financial instruments	-	(872,931)	-	-
- other investments	(330,471)	291,817	-	-
Directors' remuneration				
- directors of the Company				
- fees	115,200	115,200	115,200	115,200
- others	1,041,940	921,120	20,500	24,000
- directors of a subsidiary				
- other than fees	900,000	884,800	-	-
Loss on foreign exchange				
- realised	636,966	558,693	-	-
- unrealised	418,953	353,081	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
cont'd

6. PROFIT FROM OPERATIONS *cont'd*

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit from operations is arrived at after charging/(crediting):				
Operating lease expense				
- equipment	152,225	147,220	-	-
- premises	1,177,435	934,943	2,065	1,902
Plant and equipment written off	72,924	1,995	-	-
Gain on disposal of plant and equipment	(223,197)	(105,186)	-	-
Gain on hedging activities on commodity price	(365,065)	-	-	-
Dividend income from				
- other investments	(98,200)	(19,180)	-	-
- a subsidiary	-	-	(1,400,000)	(10,100,000)
Income distributed from financial assets at fair value through profit or loss	-	(63,580)	-	-

The key management personnel of the Company whose remuneration is analysed as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Directors of the Company				
Executive directors:				
Salaries, bonus and allowances	912,000	801,000	-	-
Defined contribution plan	109,440	96,120	-	-
Benefits-in-kind	48,525	66,350	-	-
	1,069,965	963,470	-	-
Non executive directors:				
Fees	115,200	115,200	115,200	115,200
Salaries, bonus and allowances	20,500	24,000	20,500	24,000
	135,700	139,200	135,700	139,200
Total directors' remuneration	1,205,665	1,102,670	135,700	139,200

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

6. PROFIT FROM OPERATIONS *cont'd*

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:

	2018 RM	2017 RM
Executive directors:		
RM350,001 to RM400,000	-	1
RM400,001 to RM450,000	-	1
RM450,001 to RM500,000	-	-
RM500,001 to RM550,000	2	-
Non executive directors:		
Below RM50,000	3	3

7. FINANCE INCOME

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest income from current account deposits	295,922	161,742	6,336	35,491
Interest income from fixed deposits	98,402	55,180	21,319	-
	394,324	216,922	27,655	35,491

8. FINANCE COSTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expense on:				
- bank overdrafts	497,664	379,966	-	-
- hire purchase	50,947	12,560	-	-
- term loan	492,979	518,356	-	-
	1,041,590	910,882	-	-
Less: amount capitalised in land held for property development	-	(90,971)	-	-
	1,041,590	819,911	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
cont'd

9. INCOME TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Expected income tax payable				
- current year	(226,000)	(56,804)	-	(34)
- (under)/over provision in prior years	(349,692)	11,234	-	-
	(575,692)	(45,570)		(34)
Deferred taxation (Note 27)				
- current year	(262,000)	(2,649,803)	-	-
- over provision in prior years	-	201,320	-	-
	(262,000)	(2,448,483)	-	-
	(837,692)	(2,494,053)	-	(34)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax	2,595,390	10,890,776	1,294,213	9,772,873
Taxation at statutory tax rate of 24% (2017: 24%)	(622,800)	(2,613,800)	(310,600)	(2,345,500)
Expenses not deductible for tax purposes	(338,900)	(327,407)	(72,900)	(154,534)
Income not subject to tax	214,400	269,500	336,000	2,424,000
Utilisation of reinvestment allowance arising during the year	656,500	-	-	-
Utilisation of previously unrecognised deferred tax asset	47,500	102,500	47,500	76,000
Deferred tax assets not recognised	(444,700)	(137,400)	-	-
Over/(Under) provision in prior years				
- income tax expense	(349,692)	11,234	-	-
- deferred tax	-	201,320	-	-
Income tax expense for the year	(837,692)	(2,494,053)	-	(34)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

10. EARNINGS PER SHARE

10.1 Basic earnings per share

Basic earnings per ordinary share is calculated based on the net profit attributable to ordinary shareholders and weighted average number of ordinary shares in issue as follows:

	Group	
	2018	2017
	RM	RM
Net profit attributable to owners of the Company	1,694,762	8,346,294
	Group	
	2018	2017
Weighted average number of ordinary shares in issue	1,407,892,713	1,234,772,203
Basic earnings per share (sen)	0.12	0.68

10.2 Diluted earnings per share

Diluted earnings per share are not presented in the financial statements as at 31 December 2018 as the fair value of the ordinary shares of the Company during the reporting period is lower than the exercise price of the outstanding warrants and options under the employee Share Issue Scheme. These potential ordinary shares have a dilutive effect only if the fair value of the ordinary shares during the reporting period exceeds the exercise price of these potential ordinary shares.

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 outstanding warrants and options under employee 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 warrants and share options was based on quoted market prices for the period during which these warrants and options were outstanding.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
cont'd

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 2017	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
Additions	-	1,249,626	517,625	2,702,345	3,541,809	969,460	323,148	9,304,013
Disposals	-	-	-	(1,009,638)	-	-	-	(1,009,638)
Write offs	-	-	(35,210)	-	-	-	(66,585)	(101,795)
Reclassification	-	-	101,946	-	2,545,749	(2,684,185)	36,490	-
At 31 December 2018	39,936,734	18,634,426	8,878,099	9,612,828	27,187,217	-	9,627,954	113,877,258
Accumulated depreciation								
At 1 January 2017	-	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
Charge for the year	-	366,377	667,660	806,083	1,880,303	-	902,904	4,623,327
Disposals	-	-	-	(985,555)	-	-	-	(985,555)
Write offs	-	-	(10,360)	-	-	-	(18,511)	(28,871)
At 31 December 2018	-	1,130,192	5,024,410	6,608,162	13,547,338	-	4,182,025	30,492,127
Carrying amount								
At 31 December 2018	39,936,734	17,504,234	3,853,689	3,004,666	13,639,879	-	5,445,929	83,385,131
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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

11. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company	Furniture, fittings and office equipment RM	Computers and printers RM	Renovation RM	Total RM
Cost				
At 1 January 2017/ 31 December 2017/ 31 December 2018	7,449	35,482	39,609	82,540
Accumulated depreciation				
At 1 January 2017/ 31 December 2017/ 31 December 2018	7,446	35,477	39,608	82,531
Carrying amount				
At 31 December 2017/2018	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	
	2018	2017
	RM	RM
<u>At carrying amount</u>		
Freehold land	39,000,000	39,000,000
Freehold buildings	17,198,984	16,308,035
	56,198,984	55,308,035

- (ii) Plant and equipment under hire purchase arrangements are:

	Group	
	2018	2017
	RM	RM
<u>At carrying amount</u>		
Motor vehicles	2,630,966	565,925

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

11. PROPERTY, PLANT AND EQUIPMENT *cont'd*

11.2 During the reporting period, cash payments made to purchase property, plant and equipment are as follows:

	Group	
	2018 RM	2017 RM
Total additions	9,304,013	4,327,955
Additions through:		
- hire purchase arrangements	(1,600,000)	(100,000)
- term loan	(967,000)	-
- deposits paid in previous reporting period	-	(31,725)
Cash payments	<u>6,737,013</u>	<u>4,196,230</u>

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 23.

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	
	2018 RM	2017 RM
Freehold land	18,166,036	18,166,036
Freehold buildings	13,935,076	13,004,057
	<u>32,101,112</u>	<u>31,170,093</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

12. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2018 RM	2017 RM
At beginning of year	-	14,059,496
Additions during the year:		
Freehold land cost	-	1,719,852
Development costs	-	2,796,652
	-	4,516,504
Transfer to property development costs (Note 17)	-	(18,576,000)
At end of year	-	-

13. INTANGIBLE ASSETS

	Group	
	2018 RM	2017 RM
Golf club membership		
At cost		
At beginning/end of year	108,000	108,000
Accumulated amortisation		
At beginning of year	4,120	3,296
Charge for the year	824	824
At end of year	4,944	4,120
Carrying amount	103,056	103,880

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
cont'd

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2018 RM	2017 RM
Unquoted shares at cost		
At beginning of year	99,967,857	98,717,859
Subscription of additional shares in an existing subsidiary	-	999,998
Incorporation of a new subsidiary	-	250,000
At end of year	99,967,857	99,967,857
Less: accumulated impairment losses		
At beginning of year	(1,852,973)	(1,742,588)
Impairment loss during the year	-	(110,385)
At end of year	(1,852,973)	(1,852,973)
Carrying amount	98,114,884	98,114,884

Impairment of investment in subsidiaries

During the previous 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 of the subsidiary and the amount of impairment loss had been recognised in profit or loss under "Other operating expenses" line item. This non recurring fair value measurement was categorised as Level 3 fair value based on inputs in the valuation techniques used where it is derived based on the audited net assets as at reporting date, as the subsidiary is not generating substantial operating cash flows for discounting purposes.

The details of the subsidiaries are as follows:

Subsidiaries of the Company	Country of incorporation	Group's effective interest		Principal activities
		2018	2017	
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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

14. INVESTMENT IN SUBSIDIARIES *cont'd*

Impairment of investment in subsidiaries *cont'd*

Subsidiaries of the Company	Country of incorporation	Group's effective interest		Principal activities
		2018	2017	
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 Sdn Bhd (formerly known as JAG Development (Perak) Sdn Bhd)	Malaysia	100%	100%	Property developer, real estate project development, building constructor and property investment
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

In the previous 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 Sdn Bhd (formerly known as 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
cont'd

15. OTHER INVESTMENTS

	Group	
	2018	2017
	RM	RM
Non current assets		
Financial assets at fair value through profit or loss (2017: 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	-	-
	Group	
	2018	2017
	RM	RM
Current assets		
Financial assets at fair value through profit or loss		
- quoted equity instruments in Malaysia	4,470,397	812,284
- unquoted mutual funds in Malaysia	2,567,802	724,739
	7,038,199	1,537,023

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

16. INVENTORIES

	Group	
	2018	2017
	RM	RM
At cost:		
Trading merchandise	170,447	170,940
Raw materials	20,196,672	23,500,717
Work in progress	9,271,482	716,666
Finished goods	16,772,048	22,541,668
	<u>46,410,649</u>	<u>46,929,991</u>
Amount of inventories recognised as an expense	<u>135,613,690</u>	<u>114,808,604</u>

17. PROPERTY DEVELOPMENT COSTS

	Group	
	2018	2017
	RM	RM
At beginning of year	18,576,000	-
Transfer from land held for property development (Note 12)		
- freehold land costs	-	11,493,520
- development costs	-	7,082,480
	-	18,576,000
Additions for development costs	1,012,354	-
At end of year	<u>19,588,354</u>	<u>18,576,000</u>

18. TRADE RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Third parties	11,983,082	12,867,575	25,000	25,000
Amount due from a company in which a director has interest	104,500	104,500	-	-
	<u>12,087,582</u>	<u>12,972,075</u>	<u>25,000</u>	<u>25,000</u>
Less: Allowance for impairment	(2,992,454)	(3,378,425)	(25,000)	(25,000)
	<u>9,095,128</u>	<u>9,593,650</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

18. TRADE RECEIVABLES *cont'd*

The Group's normal trade credit terms range from 30 days to 90 days (2017: 30 days to 90 days). Other credit terms are assessed and approved on a case by case basis. Trade receivables are not secured by any collateral or credit enhancements.

The movements in the allowance for impairment of trade receivables during the reporting period are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At beginning of year	3,378,425	4,543,930	25,000	25,000
Allowance during the year	59,767	224,134	-	-
Allowance no longer required	(445,738)	(1,389,639)	-	-
At end of year	2,992,454	3,378,425	25,000	25,000

The following table details the credit risk exposure on the Group's trade receivables. As the Group's historical credit loss experience does not show significantly different loss patterns (i.e. by geographical area, product type and customer segments), the allowance for impairment based on past due status is not further distinguished between the Group's different customer base.

2018	Trade receivables – days past due				Total RM
	Not past due RM	<30 days RM	31-60 days RM	>60 days RM	
Impairment assessed individually					
Gross carrying amount	52,168	-	-	4,365,262	4,417,430
Less: Allowance for impairment	-	-	-	(2,932,687)	(2,932,687)
	52,168	-	-	1,432,575	1,484,743
Impairment assessed through provision matrix					
Gross carrying amount	5,510,888	305,707	1,524,907	328,650	7,670,152
Less: Allowance for impairment	(5,164)	(588)	(15,233)	(38,782)	(59,767)
	5,505,724	305,119	1,509,674	289,868	7,610,385
	5,557,892	305,119	1,509,674	1,722,443	9,095,128

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

18. TRADE RECEIVABLES *cont'd*

The following table provides information on the trade receivables credit risk exposure as at 31 December 2017:

	Group RM
Not impaired or past due	6,519,759
1 - 30 days past due not impaired	1,198,003
31 - 60 days past due not impaired	885,281
More than 60 days past due not impaired	990,607
	<hr/> 9,593,650
Impaired	3,378,425
	<hr/> 12,972,075

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Advance payments to suppliers	2,801,051	2,838,671	-	-
Amount due from a company in which certain directors of a subsidiary have interests	-	7,127	-	90,564
Amount due from subsidiaries (Note 19.1)	-	-	63,542,525	53,918,623
Deposits paid for purchase of plant and equipment	100,000	100,000	-	-
Deposits paid for purchase of land held for property development	1,472,409	-	-	-
Goods and services tax recoverable	2,036,007	3,564,704	7,797	-
Others	1,779,292	3,096,615	4,101	15,187
	<hr/> 8,188,759	<hr/> 9,607,117	<hr/> 63,554,423	<hr/> 54,024,374
Less: Allowance for impairment (Note 19.2)	(436,929)	(644,056)	(2,308,448)	(2,399,012)
	<hr/> 7,751,830	<hr/> 8,963,061	<hr/> 61,245,975	<hr/> 51,625,362
Less: Non current portion (Note 19.1)	-	-	(31,900,000)	-
	<hr/> 7,751,830	<hr/> 8,963,061	<hr/> 29,345,975	<hr/> 51,625,362

19.1 Amount due from subsidiaries

In conformance with the Financial Reporting Standards Implementation Committee ("FRSIC"), FRSIC Consensus 31- Classification of Amount Due from Subsidiaries and Amount Due to Holding Company that is Repayable on Demand issued by The Malaysian Institute of Accountants on 4 July 2018, an amount totalling RM31,900,000 due from subsidiaries have been presented under non current assets as these advances are not expected to be realised within 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *cont'd*

19.2 Allowance for impairment

The movements in the allowance for impairment of other receivables during the reporting period are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At beginning of year	644,056	644,056	2,399,012	2,399,012
Allowance no longer required	(200,000)	-	-	-
Write offs	(7,127)	-	(90,564)	-
At end of year	436,929	644,056	2,308,448	2,399,012

20. DERIVATIVE ASSETS/(LIABILITIES)

	Group	
	2018 RM	2017 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
	-	321,350

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 RM Nil (2017: a gain of RM872,931) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

20. DERIVATIVE ASSETS/(LIABILITIES) cont'd

The notional principal amounts of the outstanding contracts are as follows:

	Group	
	2018	2017
	RM	RM
Commodity future purchase contracts	-	5,551,551
Commodity future sale contracts	-	4,007,632
Forward foreign exchange sale contracts	-	1,668,050

21. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits of the Group amounting to RM1,362,092 (2017: RM1,320,356) have been pledged with a licensed bank to secure the banking facilities referred to in Note 30.

22. SHARE CAPITAL

	Group and Company			
	2018	2017	2018	2017
	No. of ordinary shares	No. of ordinary shares	RM	RM
Issued and fully paid:				
At beginning of year	1,377,930,568	1,143,844,587	140,686,433	114,384,458
Issue of shares pursuant to:				
- private placement	137,793,700	114,400,000	7,422,361	13,299,000
- bonus issues	-	97,385,881	-	9,738,588
- exercise of warrants	6,839	7,500	1,026	750
- exercise of SIS	-	22,292,600	-	3,263,637
	137,800,539	234,085,981	7,423,387	26,301,975
At end of year	1,515,731,107	1,377,930,568	148,109,820	140,686,433

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

22. SHARE CAPITAL *cont'd*

22.1 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”).

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 31.12.2018 '000
	Balance at 1.1.2018 '000	Exercised '000	Expired '000	
Number of unexercised warrants	317,365	-	-	317,365

22.2 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”).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

22. SHARE CAPITAL *cont'd*

22.2 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 31.12.2018 '000
	Balance at 1.1.2018 '000	Exercised '000	Expired '000	
Number of unexercised warrants	194,772	(7)	-	194,765

22.3 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;

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

22. SHARE CAPITAL *cont'd*

22.3 Share Issuance Scheme *cont'd*

- (c) Any employee of the Group shall be eligible to participate in the SIS and qualifies 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 31.12.2018 '000
	Balance at 1.1.2018 '000	Exercised '000	Lapsed '000	
	1 July 2015	31,799	-	

The weighted average exercise price of the outstanding options is RM0.10.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

23. RESERVES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Retained profits	44,202,896	43,885,048	1,219,741	1,302,442
Non-distributable				
Revaluation reserve (Note 23.1)	23,378,833	23,378,833	-	-
Reverse acquisition reserve (Note 23.2)	(72,050,600)	(72,050,600)	-	-
Share issuance scheme reserve (Note 23.3)	1,541,798	1,541,798	1,541,798	1,541,798
Treasury shares (Note 23.4)	(100,000)	(100,000)	(100,000)	(100,000)
Share premium (Note 23.5)	9,140,860	9,140,860	9,140,860	9,140,860
	(38,089,109)	(38,089,109)	10,582,658	10,582,658
	6,113,787	5,795,939	11,802,399	11,885,100

23.1 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.

23.2 Reverse acquisition reserve

Reverse acquisition reserve arose from the reverse acquisition of the Company by Jaring Metal Industries Sdn Bhd in 2013.

23.3 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.

23.4 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 2018, the Group held 1,000,000 (2017: 1,000,000) of the Company's ordinary shares.

23.5 Share premium

Share premium represents the excess of the consideration received over the nominal value of the shares issued by the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

23. RESERVES *cont'd*

23.5 Share premium *cont'd*

The 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.

23.6 Dividends

	Group and Company	
	2018	2017
	RM	RM
In respect of financial year ended 31 December 2017		
First single tier interim dividend of RM0.001 per ordinary share	-	1,266,040
Final single tier interim dividend of RM0.001 per ordinary share	1,376,914	-
	<u>1,376,914</u>	<u>1,266,040</u>

24. HIRE PURCHASE LIABILITIES

	Group	
	2018	2017
	RM	RM
Total outstanding	1,638,527	143,027
Less: interest in suspense	(177,026)	(7,379)
Principal outstanding	1,461,501	135,648
Amount due within one year	(443,770)	(78,148)
Non current portion	<u>1,017,731</u>	<u>57,500</u>

	Group	
	2018	2017
	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	459,528	33,948
Later than 2 years and not later than 5 years	558,203	23,552
	<u>1,017,731</u>	<u>57,500</u>

The weighted average effective interest rate of the hire purchase obligations is 6.23% (2017: 5.11%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

25. DEFERRED INCOME

	Group	
	2018	2017
	RM	RM
At beginning of year	1,007,985	1,147,997
Grants income recognised	(140,012)	(140,012)
At end of year	867,973	1,007,985

This represents government grants for the acquisition of plant and machinery for the production of high grade non-ferrous metals from industrial waste.

26. TERM LOANS

	Group	
	2018	2017
	RM	RM
Amount outstanding	9,908,526	10,064,686
Less: Portion due within one year (Note 30)	(1,317,031)	(1,088,352)
Non current portion	8,591,495	8,976,334
The non current portion of long term loans is payable as follows:		
Later than 1 year and not later than 2 years	1,385,485	1,143,238
Later than 2 years and not later than 5 years	4,520,747	3,798,969
Later than 5 years	2,685,263	4,034,127
	8,591,495	8,976,334

The term loans are secured as disclosed in Note 30.

27. DEFERRED TAX LIABILITIES

	Group	
	2018	2017
	RM	RM
At beginning of year	3,338,436	889,953
Recognised in profit or loss (Note 9)		
- current year	262,000	2,649,803
- over provision in prior years	-	(201,320)
	262,000	2,448,483
At end of year	3,600,436	3,338,436

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

27. DEFERRED TAX LIABILITIES *cont'd*

	Group	
	2018	2017
	RM	RM
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	4,458,691	4,416,390
Deferred tax assets	(858,255)	(1,077,954)
	3,600,436	3,338,436

Deferred tax liabilities are in respect at the following:

	Group	
	2018	2017
	RM	RM
Derivative financial instruments	-	77,124
Excess of tax capital allowances over related depreciation of property, plant and equipment	2,573,289	2,433,805
Revaluation reserve	1,885,402	1,905,461
	4,458,691	4,416,390

Deferred tax assets are in respect of the following:

	Group	
	2018	2017
	RM	RM
Allowance for impairment of trade receivables	(702,206)	(794,839)
Unrealised loss on trade related foreign exchange	(100,549)	(84,739)
Unabsorbed capital allowances	(55,500)	(198,376)
	(858,255)	(1,077,954)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

27. DEFERRED TAX LIABILITIES *cont'd*

The analysis of unrecognised deductible temporary differences, unutilised tax losses and tax credits are as follows

	Group			
	Gross		Tax effects	
	2018	2017	2018	2017
	RM	RM	RM	RM
Net fair value losses on held for trading investment	165,200	291,800	40,000	70,000
Unabsorbed capital allowances	2,334,400	1,628,400	560,200	390,800
Unutilised business losses				
- no expiry	-	4,684,100	-	1,124,200
- to be utilised up to financial year ending 31 December 2025	5,453,500	-	1,308,600	-
	7,953,100	6,604,300	1,908,800	1,585,000

	Company			
	Gross		Tax effects	
	2018	2017	2018	2017
	RM	RM	RM	RM
Unabsorbed capital allowances	1,566,600	1,566,600	376,000	376,000
Unutilised business losses				
- no expiry	-	2,186,300	-	524,700
- to be utilised up to financial year ending 31 December 2025	1,588,500	-	381,200	-
	3,155,100	3,752,900	757,200	900,700

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.

28. TRADE PAYABLES

	Group	
	2018	2017
	RM	RM
Amount due to companies in which certain directors of a subsidiary have interests	-	9,165
Third parties	6,396,136	7,403,653
	6,396,136	7,412,818

The normal trade credits granted to the Group, including those from related parties, range from 15 days to 60 days (2017: 15 days to 60 days).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
cont'd

29. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Advance payments from customers	4,705,669	1,880,420	-	-
Other payables and accruals	1,049,576	1,230,692	95,631	148,492
	5,755,245	3,111,112	95,631	148,492

30. SHORT TERM BORROWINGS

	Group	
	2018	2017
	RM	RM
Secured:		
Bank overdraft	6,706,043	7,174,974
Term loans – current portion (Note 26)	1,317,031	1,088,352
	8,023,074	8,263,326

The effective interest rates are as follows:

	Group	
	2018	2017
	%	%
Bank overdraft	10.45	10.20
Term loans	5.00	4.93

The above banking facilities, including term loans, are secured by way of:

	Group	
	Carrying amount	
	2018	2017
	RM	RM
Property, plant and equipment (Note 11)	56,198,984	55,308,035
Fixed deposits with licensed banks (Note 21)	1,362,092	1,320,356

The banking facilities, including term loans, are also secured by way of joint and several guarantees by certain directors of a subsidiary and a corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

31. SIGNIFICANT RELATED PARTY DISCLOSURES

31.1 Related party transactions

Significant transactions with related parties are as follows:

	Type of transactions	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
With a company in which certain directors of a subsidiary have interests					
Barrel & Drum (M) Sdn Bhd	Purchases	28,824	126,981	-	-
With a corporate shareholder of a subsidiary					
Bubblelab Laundry Sdn Bhd	Purchase of plant and equipment	915,445	1,022,168	-	-
	Maintenance fee expense	318,691	157,438	-	-
With subsidiaries					
JAG Land Sdn Bhd	Management fee income	-	-	88,200	110,900
JAG Capital Equity Sdn Bhd	Management fee income	-	-	58,800	110,900
JAG Systems Sdn Bhd	Management fee income	-	-	29,400	37,000
JAG Development Sdn Bhd (formerly known as JAG Development (Perak) Sdn Bhd)	Management fee income	-	-	29,400	-
Jaring Metal Industries Sdn Bhd	Management fee income	-	-	352,700	443,500

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
cont'd

31. SIGNIFICANT RELATED PARTY DISCLOSURES cont'd

31.2 Related party balances

Individually significant outstanding balances arising from transactions (other than normal trade transactions) are as follows:

	Type of transactions	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Financial assets					
With a company in which certain directors of a subsidiary have interests					
Constellar (M) Sdn Bhd	Advances	-	7,127	-	90,564
	Allowance for impairment	-	(7,127)	-	(90,564)
		-	-	-	-
With subsidiaries					
Jaring Metal Industries Sdn Bhd	Advances	-	-	23,411,723	25,859,022
JAG Systems Sdn Bhd	Advances	-	-	4,478,297	2,548,896
	Allowance for impairment	-	-	(1,835,973)	(1,835,973)
		-	-	2,642,324	712,923
JAG Land Sdn Bhd	Advances	-	-	28,772,166	21,260,066
JAG Development Sdn Bhd (formerly known as JAG Development (Perak) Sdn Bhd)	Advances	-	-	1,329,400	-
JAG Capital Equity Sdn Bhd	Advances	-	-	5,550,939	4,250,639
	Allowance for impairment	-	-	(472,475)	(472,475)
		-	-	5,078,464	3,778,164

These advances are unsecured, interest free and receivable on demand.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

32. COMMITMENTS

	Group	
	2018	2017
	RM	RM
Capital commitments		
Capital expenditure not provided for in the financial statements are as follows:		
Authorised and contracted for	18,358,025	6,803,000
Analysed as follows:		
Investment in unquoted shares	5,200,000	5,200,000
Land held for property development	13,158,025	-
Property, plant and equipment	-	1,603,000
	18,358,025	6,803,000
Operating lease commitments		
The future minimum rental payment under non-cancellable tenancy agreements are as follows:		
Not later than 1 year	311,491	-
Later than 1 year and not later than 2 years	268,576	-
	580,067	-

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
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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

33. SEGMENT INFORMATION *cont'd*

33.1 Business segment

The following table provides an analysis of Group's revenue, results, assets, liabilities and other information by business segment.

2018	Manufacturing		Trading		Services		Proprietary solutions and software maintenance		Investment		Property development		Total Elimination		Consolidated		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Revenue																	
External revenue	147,452,891	2,285,437	3,718,095	587,741	382,714	-	154,426,878	(16,500)	154,410,378								
Inter-segment revenue	-	-	-	-	558,500	-	558,500	(558,500)	-								
Total revenue	147,452,891	2,285,437	3,718,095	587,741	941,214	-	154,985,378	(575,000)	154,410,378								
Results																	
Profit/(Loss) from operations	4,713,526	73,057	563,062	(178,190)	368,171	(880,470)	4,659,156	(1,416,500)	3,242,656								
Finance income	415,477	-	9,618	35	31,014	58,180	514,324	(120,000)	394,324								
Finance costs	(1,020,025)	(20,817)	(120,000)	-	-	(748)	(1,161,590)	120,000	(1,041,590)								
Profit/(Loss) before tax	4,108,978	52,240	452,680	(178,155)	399,185	(823,038)	4,011,890	(1,416,500)	2,595,390								
Income tax expense	(697,781)	(14,240)	(138,000)	-	12,329	-	(837,692)	-	(837,692)								
Net profit/(loss) for the year	3,411,197	38,000	314,680	(178,155)	411,514	(823,038)	3,174,198	(1,416,500)	1,757,698								

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

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	RM	RM	RM	RM	RM	RM	RM	
Revenue																	
External revenue	129,520,063	5,136,137	2,719,065	705,508	15,642,045	-	153,722,818	(10,100,000)	143,622,818								
Inter-segment revenue	-	-	-	-	702,300	-	702,300	(702,300)	-								
Total revenue	129,520,063	5,136,137	2,719,065	705,508	16,344,345	-	154,425,118	(10,802,300)	143,622,818								
Results																	
Profit/(Loss) from operations	11,388,812	451,625	449,738	(256,198)	9,900,308	(450,905)	21,483,380	(9,989,615)	11,493,765								
Finance income	259,672	-	9,551	13,760	38,287	92,874	414,144	(197,222)	216,922								
Finance costs	(873,550)	(34,641)	(106,250)	-	-	(2,692)	(1,017,133)	197,222	(819,911)								
Profit/(Loss) before tax	10,774,934	416,984	353,039	(242,438)	9,938,595	(360,723)	20,880,391	(9,989,615)	10,890,776								
Income tax expense	(2,207,927)	(87,556)	(195,894)	10,358	(13,034)	-	(2,494,053)	-	(2,494,053)								
Net profit/(loss) for the year	8,567,007	329,428	157,145	(232,080)	9,925,561	(360,723)	18,386,338	(9,989,615)	8,396,723								

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

33. SEGMENT INFORMATION cont'd

33.1 Business segment cont'd

2018	Manufacturing		Trading		Services		Proprietary solutions and software maintenance		Investment		Property development		Total		Elimination		Consolidated		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Non-cash items other than depreciation and amortisation																			
Allowance for impairment of receivables	59,767	-	-	-	-	-	-	-	-	-	-	-	-	59,767	-	-	-	-	59,767
Changes in fair value of other investments	(491,861)	-	-	-	-	-	-	-	161,390	-	-	-	-	(330,471)	-	-	-	-	(330,471)
Plant and equipment written off	-	-	-	-	72,924	-	-	-	-	-	-	-	-	72,924	-	-	-	-	72,924
Government grant income	(140,012)	-	-	-	-	-	-	-	-	-	-	-	-	(140,012)	-	-	-	-	(140,012)
Unrealised loss on foreign exchange	418,953	-	-	-	-	-	-	-	-	-	-	-	-	418,953	-	-	-	-	418,953

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
cont'd

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	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Non-cash items other than depreciation and amortisation																			
Allowance for impairment of receivables	224,134	-	-	-	-	-	-	-	-	-	-	-	-	224,134	-	-	-	-	224,134
Changes in fair value of derivative financial instruments	(872,931)	-	-	-	-	-	-	-	-	-	-	-	-	(872,931)	-	-	-	-	(872,931)
Impairment of investment in a subsidiary	-	-	-	-	-	-	-	-	110,385	-	-	-	-	110,385	(110,385)	-	-	-	-
Changes in fair value of Other 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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

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 2018	Group	
	Revenue RM	Non-current assets RM
Malaysia	21,759,254	83,488,187
China	84,083,942	-
Japan	41,209,594	-
Others	7,357,588	-
	<u>154,410,378</u>	<u>83,488,187</u>

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>

Non current assets information presented above consist of property, plant and equipment 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	
	2018 RM	2017 RM
Customer A	70,461,591	64,175,265
Customer B	24,616,853	21,838,672
Customer C	16,952,742	-
	<u>112,031,186</u>	<u>86,013,937</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
cont'd

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	
	2018 RM	2017 RM	2018 RM	2017 RM
Financial assets				
Fair value through profit or loss				
- other investments	7,038,199	1,537,023	-	-
- derivative assets	-	321,350	-	-
	7,038,199	1,858,373	-	-
Amortised costs				
- trade and other receivables	13,238,542	-	61,238,178	-
- cash and bank balances and fixed deposits	15,473,210	-	642,982	-
	28,711,752	-	61,881,160	-
Loans and receivables				
- trade and other receivables	-	12,053,336	-	51,625,362
- cash and bank balances and fixed deposits	-	13,041,748	-	2,977,770
	-	25,095,084	-	54,603,132
	35,749,951	26,953,457	61,881,160	54,603,132
Financial liabilities				
Amortised cost				
- hire purchase liabilities (fixed rate)	1,461,501	135,648	-	-
- trade and other payables (non interest bearing)	12,151,381	8,576,066	95,631	148,492
- borrowings (floating rate)	16,614,569	17,239,660	-	-
	30,227,451	25,951,374	95,631	148,492

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

31 DECEMBER 2018

cont'd

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 the functional currency are as follows:

Functional currency of the Group	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies			Net RM
	United States Dollar RM	Euro RM	Japanese Yen RM	
2018				
Ringgit Malaysia	(1,337,763)	340,801	27,724	(969,238)
2017				
Ringgit Malaysia	5,555,767	411,629	-	5,967,396

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	
	2018 RM	2017 RM
United States Dollar	(133,800)	388,772
Euro	34,000	41,163
Japanese Yen	2,800	-

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currency of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

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

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.

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 RM83,000 (2017: RM86,200) and RM Nil (2017: RM Nil) respectively.

Credit risk management

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances. The Group minimises credit risk by dealing exclusively with high credit worthy counterparties. At reporting date, there were no significant concentrations of credit risk other than as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Amount due from two subsidiaries (2017: two)	-	-	52,183,889	47,119,088
Amount due from one customer	-	4,272,425	-	-
	-	4,272,425	52,183,889	47,119,088

Management believes that the sound financial standing of its subsidiaries and customer substantially mitigates the Company's exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT *cont'd*

34.2 Financial risk management policies and objectives *cont'd*

Credit risk management *cont'd*

The Group's credit risk grading framework for expected credit losses ("ECL") model is as follows:

Category	Definition	Basis for recognition of ECL
Performing	The debtor has a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery or the debtor is two years past due.	Amount is written off

i) Trade receivables

For trade receivables, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses. The Group determines the ECL on these items by using a provision matrix, where applicable, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these debtors is presented based on their past due status in terms of the provision matrix as disclosed in Note 18. In determining the ECL of other trade receivables, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

ii) Other receivables

Other receivables (other than the amount due from subsidiaries of RM61,234,077) are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. The loss allowance for the amount due from subsidiaries is measured at an amount equal to the lifetime ECL as there has been a significant increase in credit risk since initial recognition. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT *cont'd*

34.2 Financial risk management policies and objectives *cont'd*

Credit risk management *cont'd*

iii) Cash and bank balances (including fixed deposits)

The cash and bank balances are held with financial institutions which are rated AAA based on RAM ratings. Impairment on cash and bank balances has been measured on a 12-month ECL and reflects the short term maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the financial institutions. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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 RM16,614,569 (2017: RM17,239,660) 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.

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 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.

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	
	2018	2017
	RM	RM
Entities listed on:		
Bursa Malaysia Securities Berhad	447,000	81,228
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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT *cont'd*

34.2 Financial risk management policies and objectives *cont'd*

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.

Group	Contractual cash flows (including interest payments)					
	Carrying amount RM	Total RM	On demand or within 1 year RM	Within 1 to 2 years RM	Within 2 to 5 years RM	More than 5 years RM
2018						
Non interest bearing debts	12,151,381	12,151,381	12,151,381	-	-	-
Interest bearing debts	16,614,569	18,317,637	8,490,599	1,784,556	5,260,103	2,782,379
Hire purchase liabilities	1,461,501	1,638,527	522,946	512,413	603,168	-
	30,227,451	32,107,545	21,164,926	2,296,969	5,863,271	2,782,379
2017						
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	-
	25,951,374	27,981,107	17,391,015	1,596,096	4,703,996	4,290,000

Company	Contractual cash flows (including interest payments)		
	Carrying amount RM	Total RM	On demand or within 1 year RM
2018			
Non interest bearing debts	95,631	95,631	95,631
2017			
Non interest bearing debts	148,492	148,492	148,492

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

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 2018, the Group's and the Company's strategy were unchanged from 31 December 2017 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 2018 and 31 December 2017 were as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Total debts	18,076,070	17,375,308	-	-
Less: Cash and bank balances and fixed deposits	(15,473,210)	(13,041,748)	(642,982)	(2,977,770)
Net debt/(cash)	2,602,860	4,333,560	(642,982)	(2,977,770)
Total equity/Adjusted capital	154,391,431	146,587,260	159,912,219	152,571,533
Debt-to-adjusted capital ratio (times)	0.02	0.03	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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

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 2018			
	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	4,470,397	-	-	4,470,397
Unquoted mutual funds	-	-	2,567,802	2,567,802

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
cont'd

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 2017			
	Fair value measurements at the end of the reporting period using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total 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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

36. CHANGE IN ACCOUNTING POLICIES

The Group applied MFRS 9 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

36.1 MFRS 9 Financial Instruments

Based on the transitioning provisions, the Group and the Company applied MFRS 9 retrospectively and differences arising from the adoption have been recognised directly in retained profits. The Group and the Company is not required to restate the comparative information, which continues to be reported under MFRS 139.

The transitioning to MFRS 9 did not have any significant impact on the retained profits of the Group and the Company as at 1 January 2018.

Classification and measurement

MFRS 9 contains three principal classification categories for financial assets which is measured at:

- a) amortised cost;
- b) fair value through profit or loss ("FVTPL"); and
- c) fair value through other comprehensive income ("FVOCI").

The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The assessment of the Group's and the Company's business model and cash flow characteristics was made based on the facts and circumstances as at the date of initial application of 1 January 2018.

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and the Company. The following table and the accompanying notes below explain the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets as at 1 January 2018.

MFRS 139 measurement category	Group	MFRS 9 measurement category		
		Amortised cost	FVTPL	FVOCI
	RM	RM	RM	RM
Fair value through profit or loss				
Other investments	1,537,023	-	1,537,023	-
Derivative assets	321,350	-	321,350	-
Loans and receivables				
Trade and other receivables	(a) 12,053,336	12,053,336	-	-
Cash and bank balances and fixed deposits	13,041,748	13,041,748	-	-
Total financial assets	26,953,457	25,095,084	1,858,373	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

cont'd

36. CHANGE IN ACCOUNTING POLICIES *cont'd*

36.1 MFRS 9 Financial Instruments *cont'd*

Classification and measurement

MFRS 139 measurement category	Company	MFRS 9 measurement category			
		RM	Amortised cost RM	FVTPL RM	FVOCI RM
Loans and receivables					
Trade and other receivables	(a)	51,625,362	51,625,362	-	-
Cash and bank balances and fixed deposits		2,977,770	2,977,770	-	-
Total financial assets		54,603,132	54,603,132	-	-

- (a) Trade and other receivables that were classified as loans and receivables under MFRS 139 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

There are no changes in classification and measurement for the Company's financial liabilities at the date of initial application.

LIST OF PROPERTIES

as at 31 December 2018

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	120,450	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> 9,379,082	17 March 2016 (Date of Revaluation)
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	184,800	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> 6,580,001	2 November 2015 (Date of Revaluation)

LIST OF PROPERTIES

as at 31 December 2018

cont'd

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
6	Johor	H.S (D) 546511 No. PTD7741 Mukim Jelutong, Daerah Johor Bahru, Negeri Johor	An intermediate three storey shop/office	Freehold	Note: The shop/ office is vacant	<u>Land area</u> 143.079 square meters <u>Built-up</u> 429.22 square meters	1,239,901	6 September 2017

STATISTICS OF SHAREHOLDINGS

as at 18 March 2019

Total Issued Share Capital (Inclusive of Treasury Shares)	: RM157,250,679.59 comprising 1,515,731,107 ordinary 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	726	11.55	35,061	0.00
100 - 1,000	204	3.25	81,456	0.01
1,001 - 10,000	762	12.12	3,809,291	0.25
10,001 - 100,000	3,209	51.05	130,474,214	8.61
100,001 – 75,736,554 *	1,381	21.97	910,704,810	60.12
75,736,555 and above **	4	0.06	469,626,275	31.01
Total:	6,286	100.00	1,514,731,107	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 18 March 2019

No.	Name	Direct Interest	No. of Ordinary Shares		
			%	Indirect Interest	%
1.	Dato' Ng Meow Giak	183,177,366	12.09	-	-
2.	NKK Capital Sdn. Bhd.	153,061,593	10.10	-	-
3.	Dato' Ng Aik Kee	86,253,722	5.69	153,061,593 ⁽¹⁾	10.10
4.	Ng Yaw Long	141,642,191	9.35	-	-
5.	Teh Chin Ching	99,949,115	6.59	-	-

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 18 March 2019

Name of Directors	Direct Interest	No. of Ordinary Shares		
		%	Indirect Interest	%
Datin Tan Siew Ching	54,443,989	3.59	-	-
Dato' Ng Meow Giak	183,177,366	12.09	-	-
Roy Thean Chong Yew	-	-	-	-
Datuk Md. Hassim Bin Pardi	-	-	-	-
Ewe Chuan Seng	-	-	-	-

STATISTICS OF SHAREHOLDINGS

as at 18 March 2019

cont'd

TOP 30 SECURITIES ACCOUNT HOLDERS (ORDINARY SHARES) as per Record of Depositors as at 18 March 2019

No.	Name	No. of Ordinary Shares	%
1.	NKK CAPITAL SDN. BHD.	153,061,593	10.10
2.	DATO' NG MEOW GIAK	123,731,213	8.17
3.	NG YAW LONG	116,730,507	7.71
4.	TEH CHIN CHING	76,102,962	5.02
5.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR DATO' NG MEOW GIAK	59,446,153	3.92
6.	LEONG YEE KEONG	47,251,900	3.12
7.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR DATO' NG AIK KEE	47,038,338	3.11
8.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' NG AIK KEE	39,215,384	2.59
9.	CHAN AH KIEN	36,363,000	2.40
10.	LEE FU-CHIEN	35,538,676	2.35
11.	DATIN TAN SIEW CHING	32,054,615	2.12
12.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG YAW LONG	24,911,684	1.64
13.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TEH CHIN CHING	23,846,153	1.57
14.	LEE SENG THYE	23,100,000	1.53
15.	DATIN TAN SIEW CHING	22,389,374	1.48
16.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR AVENUE PORTAL SDN. BHD.	11,663,100	0.77
17.	WEE SENG HUAT	7,076,923	0.47
18.	FUNG KIM HENG	6,000,076	0.40
19.	LIM ENG HOCK	5,936,000	0.39
20.	SIN BEE LEAN	5,000,015	0.33
21.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIM AI LING	5,000,000	0.33
22.	LEE SWONG KOI	5,000,000	0.33
23.	LOH YUN CHYI	4,070,230	0.27
24.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIM CHOON EEK	4,000,000	0.26
25.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHOONG FOONG MING	3,767,846	0.25
26.	FOO FOOK MIN	3,462,800	0.23
27.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LAN KOK PING @ LIM KOK PING	3,400,046	0.22
28.	WONG YAT WENG	3,370,023	0.22
29.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. - CIMB BANK FOR LIM ENG HOCK	3,290,000	0.22
30.	LIM KOK HOOI	3,250,000	0.21
Total:		935,068,611	61.73

STATISTICS OF WARRANTHOLDINGS FOR WARRANTS A

as at 18 March 2019

Description	: Warrants A (2014/2019)
Total Outstanding Warrants	: 317,364,629
Maturity Date	: 14 August 2019
Number of Warrantheolders	: 2,473

Analysis by Size of Warrantheoldings for Warrants A as per the Record of Depositors

Size of Warrantheoldings	No. of Warrant Holders	%	No. of Warrants	%
1 – 99	325	13.14	16,832	0.01
100 – 1,000	141	5.70	63,722	0.02
1,001 - 10,000	498	20.14	2,030,476	0.64
10,001 – 100,000	1,013	40.96	32,789,139	10.33
100,001 – 15,868,230 *	495	20.02	254,179,051	80.09
15,868,231 and above **	1	0.04	28,285,409	8.91
Total:	2,473	100.00	317,364,629	100.00

Notes:-

* Less than 5% of issued holdings

** 5% and above of issued holdings

DIRECTORS' SHAREHOLDINGS in the Company or in a related corporation (including number and percentage) based on the Register of Directors' Shareholdings as at 18 March 2019

Name of Directors	Direct Interest	No. of Warrants		
		%	Indirect Interest	%
Datin Tan Siew Ching	11	0.00	-	-
Dato' Ng Meow Giak	-	-	-	-
Roy Thean Chong Yew	-	-	-	-
Datuk Md. Hassim Bin Pardi	-	-	-	-
Ewe Chuan Seng	-	-	-	-

STATISTICS OF WARRANTHOLDINGS FOR WARRANTS A

as at 18 March 2019

cont'd

TOP 30 SECURITIES ACCOUNT HOLDERS (WARRANTS A) as per the Record of Depositors as at 18 March 2019

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.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIM CHOON EEK	10,011,600	3.15
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	5,497,230	1.73
6.	AGNES SAUYIE LOH	4,141,900	1.31
7.	LEE CHOON KWONG	4,086,153	1.29
8.	CHAN PHENG HOCK	4,067,123	1.28
9.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAI CHEE MENG	3,860,230	1.22
10.	TAN KHEE NAM	3,723,076	1.17
11.	LING NAI KIONG	3,507,692	1.11
12.	TAN KING LEONG	3,506,900	1.11
13.	YONG SIW YA	3,487,500	1.10
14.	MAIDEN ABDUL KADIR BIN MOHD ALI	3,346,000	1.05
15.	CHUA CHAI HONG	3,184,615	1.00
16.	FOONG WAI CHEE	3,164,469	1.00
17.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR SIEW CHZE CHEN	2,652,300	0.84
18.	LEE KOK ENG	2,163,000	0.68
19.	QUEK KIAH SONG	2,160,461	0.68
20.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TEH POO SENG	2,153,846	0.68
21.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR NG KOK SIANG	2,115,384	0.67
22.	ABDUL KADIR BIN SULAIMAN	1,961,100	0.62
23.	LOH YUN CHYI	1,782,307	0.56
24.	MOHD NASRUL MUBIN BIN MOHD YAHAYA	1,757,300	0.55
25.	HLIB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN MENG KHIAN	1,715,384	0.54
26.	HLIB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN BOON HAY	1,712,307	0.54
27.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LEN BOOK LEARN	1,669,200	0.53
28.	CHON FONG	1,627,900	0.51
29.	PHAN YONG NAN	1,615,384	0.51
30.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. - CIMB BANK FOR LEN BOOK LEARN	1,602,800	0.51
Total:		127,250,877	40.10

STATISTICS OF WARRANTHOLDINGS FOR WARRANTS B

as at 18 March 2019

Description	: Warrants B (2017/2020)
Total Outstanding Warrants	: 194,764,923
Maturity Date	: 15 November 2020
Number of Warrantheolders	: 5,296

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	795	15.01	31,797	0.02
100 – 1,000	557	10.52	268,034	0.14
1,001 - 10,000	2,542	48.00	10,971,922	5.63
10,001 – 100,000	1,196	22.58	36,171,676	18.57
100,001 – 9,738,245*	203	3.83	108,127,258	55.52
9,738,246 and above **	3	0.06	39,194,236	20.12
Total:	5,296	100.00	194,764,923	100.00

Notes:-

* Less than 5% of issued holdings

** 5% and above of issued holdings

DIRECTORS' SHAREHOLDINGS in the Company or in a related corporation (including number and percentage) based on the Register of Directors' Shareholdings as at 18 March 2019

Name of Directors	Direct Interest	No. of Warrants		
		%	Indirect Interest	%
Datin Tan Siew Ching	7,777,712	3.99	-	-
Dato' Ng Meow Giak	26,168,192	13.44	-	-
Roy Thean Chong Yew	-	-	-	-
Datuk Md. Hassim Bin Pardi	-	-	-	-
Ewe Chuan Seng	-	-	-	-

STATISTICS OF WARRANTHOLDINGS FOR WARRANTS B

as at 18 March 2019

cont'd

TOP 30 SECURITIES ACCOUNT HOLDERS (WARRANTS B) as per the Record of Depositors as at 18 March 2019

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.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIM CHOON EEK	10,646,500	5.47
4.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR DATO' NG MEOW GIAK	8,492,306	4.36
5.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' NG AIK KEE	6,030,768	3.10
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.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG YAW LONG	3,230,768	1.66
9.	DATIN TAN SIEW CHING	3,198,482	1.64
10.	AGNES SAUYIE LOH	3,088,000	1.59
11.	HLIB NOMINEES (TEMPATAN) SDN. BHD. - HONG LEONG BANK BHD FOR TONG YEW BAN	3,000,000	1.54
12.	TYE YONG POU	3,000,000	1.54
13.	RAJA MUHAMMAD BIN RAJA OMAR	2,715,100	1.39
14.	YONG SIW YA	2,713,100	1.39
15.	TAN AI GOH	2,501,500	1.28
16.	HLIB NOMINEES (TEMPATAN) SDN. BHD. - HONG LEONG BANK BHD FOR CHUNG CHIONG BING	1,633,300	0.84
17.	NG KOK BENG	1,492,400	0.77
18.	CHEW HOCK KEAT	1,200,000	0.62
19.	TEH SWEE LOKE	1,040,052	0.53
20.	CHUA LEE GUAN	1,030,768	0.53
21.	AHMAD NORDIN BIN OTHMAN	1,000,000	0.51
22.	CHEAH KEAN GUAN	1,000,000	0.51
23.	NG KUI TAI	1,000,000	0.51
24.	RHB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN HOW JOO	1,000,000	0.51
25.	LIM ENG HOCK	848,000	0.44
26.	CHIA ENG KIOW	830,768	0.43
27.	FOONG WAI CHEE	800,000	0.41
28.	NG KHAI LOON	757,692	0.39
29.	TAN LEE HONG	729,230	0.37
30.	THAU WAI GUEAN	663,082	0.34
	Total:	100,461,088	51.58

NOTICE OF 21ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 21st Annual General Meeting of the Company will be held at Danau 3, 1st Floor, Kota Permai Golf and Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Tuesday, 21 May 2019 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 2018 together with the Reports of the Directors and Auditors thereon. | (Refer to Note 2) |
| 2. | To approve the Directors' fees payable to the Directors of the Company of up to RM122,400/- for the financial year ending 31 December 2019. | Ordinary Resolution 1 |
| 3. | To re-elect Mr. Roy Thean Chong Yew, 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. | Ordinary Resolution 2 |
| 4. | To re-elect Datuk Md. Hassim Bin Pardi, 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. | Ordinary Resolution 3 |
| 5. | 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. | Ordinary Resolution 4 |

Special Business

To consider and, if thought fit, with or without any modification, to pass the following Ordinary and Special Resolutions:-

- | | | |
|----|--|------------------------------|
| 6. | <u>PAYMENT OF BENEFITS PAYABLE TO THE DIRECTORS UNDER SECTION 230(1)(b) OF THE COMPANIES ACT 2016</u> | Ordinary Resolution 5 |
| | <p>"THAT the benefits payable to the Directors of the Company up to an amount of RM37,500/- for the period from 22 May 2019 until the next Annual General Meeting of the Company to be held in year 2020 pursuant to Section 230(1)(b) of the Companies Act 2016, be and is hereby approved for payment."</p> | |
| 7. | <u>AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016</u> | Ordinary Resolution 6 |
| | <p>"THAT pursuant to the Companies Act 2016, the Articles of Association/Constitution 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;</p> | |

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."

NOTICE OF 21ST ANNUAL GENERAL MEETING

cont'd

8. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Ordinary
Resolution 7

“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 Articles of Association/Constitution 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 22 April 2019 (“**Proposed Renewal of Share Buy-Back Authority**”);

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 (“**ACE LR**”) 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 2018 of RM1,219,741;

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 LR, 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.”

9. PROPOSED RETENTION OF MR. ROY THEAN CHONG YEW AS INDEPENDENT NON-EXECUTIVE DIRECTOR

Ordinary
Resolution 8

“THAT subject to the passing of Ordinary Resolution 2, Mr. Roy Thean Chong Yew be and is hereby retained as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM pursuant to the Malaysian Code on Corporate Governance.”

NOTICE OF 21ST ANNUAL GENERAL MEETING

cont'd

10. PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

**Special
Resolution**

“THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company, as set out in Part B of the Circular to Shareholders dated 22 April 2019 despatched together with the Company’s Annual Report 2018 be and is hereby adopted as the Constitution of the Company (“**Proposed Adoption of New Constitution**”);

AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities (if any) and to do all acts and things and take all such steps as may be considered necessary to give effect to the Proposed Adoption of New Constitution.”

11. 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.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)

CHENG CHIA PING (MAICSA 1032514)

Company Secretaries

Kuala Lumpur

22 April 2019

Notes:

(1) Information for Shareholders/Proxies

- a. For the purpose of determining a member who shall be entitled to attend this 21st 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 2019. Only a depositor whose name appears on the Record of Depositors as at 14 May 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or speak and/or vote on his/her behalf.
- b. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies to attend, speak and vote instead of him. A proxy may but need 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 and vote at the meeting.
- c. 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.
- d. 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.
- e. 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 21ST ANNUAL GENERAL MEETING

cont'd

- f. 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.
- g. 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:-

(2) Audited Financial Statements for the financial year ended 31 December 2018

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.

(3) Ordinary Resolution 1 - Payment of Directors' Fees

The Proposed Directors' fees payable to the Directors of the Company for the financial year ending 31 December 2019 shall be up to RM122,400/- only, comprise the following:-

Directors' Fees	Financial Year Ending 31 December 2019
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 Ordinary Resolution 1, if approved, will authorise the Directors' fees payable to the Directors for the financial year ending 31 December 2019 pursuant to Article 74 of the Articles of Association of the Company.

(4) Ordinary Resolutions 2 and 3 - Re-election of Directors

In determining the eligibility of the Directors to stand for re-election at the forthcoming 21st Annual General Meeting, the Nomination Committee ("NC") considered the requirements under Rule 2.20A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and recommended Mr. Roy Thean Chong Yew and Datuk Md. Hassim Bin Pardi for the re-election as Directors pursuant to Article 67 of the Articles of Association of the Company ("**Retiring Directors**"). The Board, through the NC, had conducted separate assessments and satisfied with the independence of Mr. Roy Thean Chong Yew and Datuk Md. Hassim Bin Pardi, the Independent Non-Executive Directors, therefore the Board had recommended the same be tabled to the shareholders for approval at the forthcoming 21st Annual General Meeting of the Company under Ordinary Resolutions 2 and 3 respectively.

All the Retiring Directors have consented to their re-election, and abstained from deliberations and voting in relation to their individual re-election at the NC Meeting, where applicable and the Board of Directors' Meeting, respectively.

(5) Ordinary Resolution 4 - Re-appointment of Auditors

The Audit Committee ("AC") had 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 2019. The Board had in turn reviewed the recommendation of the AC and recommended the same be tabled to the shareholders for approval at the forthcoming 21st Annual General Meeting of the Company under Ordinary Resolution 4.

NOTICE OF 21ST ANNUAL GENERAL MEETING

cont'd

Explanatory Notes to Special Business:

(6) Ordinary Resolution 5 - Benefits Payable to the Directors

Under Ordinary Resolution 5, the benefits payable to the Directors of the Company 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' and Senior Management's Remuneration Policy of the Company for the applicable period from 22 May 2019 until the next Annual General Meeting of the Company to be held in year 2020. The benefits comprised solely meeting allowance, which will only be accorded based on actual attendance of meetings by the Directors:-

**Financial Year Ending
31 December 2019**

Meeting Allowance for Non-Executive Directors

RM500/- per meeting

(7) Ordinary Resolution 6 – Authority to Issue Shares pursuant to the Companies Act 2016

The Company wishes to renew the mandate on the authority to issue shares pursuant to the Companies Act 2016 at the 21st 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 21 May 2018 (hereinafter referred to as the "Previous Mandate").

Pursuant to the Previous Mandate, the Company had undertaken a private placement of 137,793,700 new ordinary shares which were issued at the issue price of RM0.0555 each and was listed on 11 October 2018. The proceeds raised from the said private placement exercise was RM7,647,550.35.

The details of utilisation of the proceeds from the abovementioned corporate exercise were as follow:-

	Status of utilisation	Amount utilised RM	Amount unutilised RM
Property development expenses	Partially	2,042,000	5,006,000
Working capital	Partially	29,000	331,000
Estimated expenses in relation to the Private Placement	Fully	240,000	-
Total		2,311,000	5,337,000

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.

(8) Ordinary Resolution 7 - Proposed Renewal of Share Buy-Back Authority

The proposed adoption of the Ordinary Resolution 7 is to renew the authority granted by the shareholders of the Company at the Annual General Meeting held on 21 May 2018. 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 LR.

NOTICE OF 21ST ANNUAL GENERAL MEETING

cont'd

(9) **Ordinary Resolution 8 – Proposed Retention of Mr. Roy Thean Chong Yew as Independent Non-Executive Director**

Mr. Roy Thean Chong Yew was appointed as Independent Non-Executive Director (“INED”) of the Company on 18 October 2010, would on 18 October 2019, have served in that capacity for a cumulative term of nine (9) years.

In accordance with the MCCG, prior approval should be obtained from the shareholders at the 21st AGM, to enable Mr. Roy Thean Chong Yew to continue in office as an INED before Mr. Roy Thean Chong Yew reaches the nine (9) years term limit on 18 October 2019. The Board via the Nomination Committee after having assessed of the independence of Mr. Roy Thean Chong Yew, regarded him to be independent, recommends that the approval of the shareholders be sought to retain Mr. Roy Thean Chong Yew to continue in office as INED based on the following justifications:-

- He has fulfilled the criteria under the definition of an Independent Director (“ID”) pursuant to the ACE LR;
- He is able to exercise independent judgement and act in the best interests of the Company;
- There is no potential conflict of interest that Mr. Roy Thean Chong Yew could have with the Company as he has not entered into any contract or transaction with the Company and/or its subsidiaries; and
- There are significant advantages to be gained from a long-serving ID as he has many years of experience with incumbent knowledge of the Company and the Group’s activities and corporate history, and has provided invaluable contributions to the Board in his role as an INED.

(10) **Special Resolution - Proposed Adoption of New Constitution of the Company**

The proposed resolution, if passed, will streamline the Company’s Memorandum and Articles of Association with the Companies Act 2016, recent amendments made to ACE LR as well as to enhance administrative efficiency.

The Proposed Adoption of the new Constitution of the Company shall take effect once it has been passed by a majority of not less than 75% of such members who are entitled to attend and vote and do vote in person or by proxy at the 21st Annual General Meeting of the Company.

Please refer to the Part B of the Circular to Shareholders dated 22 April 2019 for further information.

This page is intentionally left blank.



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 21st Annual General Meeting (“AGM”) of the Company to be held at Danau 3, 1st Floor, Kota Permai Golf and Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Tuesday, 21 May 2019 at 10:00 a.m. or at any adjournment thereof, on the following resolutions referred to in the Notice of 21st AGM.

*My/Our proxy(ies) *is/are to vote as indicated below:-

Ordinary Business		For	Against
Ordinary Resolution 1	To approve the Directors’ fees payable for the financial year ending 31 December 2019		
Ordinary Resolution 2	To re-elect Mr. Roy Thean Chong Yew as Director (Article 67)		
Ordinary Resolution 3	To re-elect Datuk Md. Hassim Bin Pardi as Director (Article 67)		
Ordinary Resolution 4	To re-appoint Messrs. Russell Bedford LC & Company as Auditors of the Company and to authorise the Board of Directors to determine their remuneration		
Special Business			
Ordinary Resolution 5	To approve the benefits payable to the Directors for the period from 22 May 2019 until the next AGM to be held in year 2020		
Ordinary Resolution 6	Authority to issue shares pursuant to the Companies Act 2016		
Ordinary Resolution 7	Proposed Renewal of Share Buy-Back Authority		
Ordinary Resolution 8	Proposed Retention of Mr. Roy Thean Chong Yew as Independent Non-Executive Director		
Special Resolution	Proposed Adoption of New Constitution of the Company		

(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, 2019

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%

.....
Signature(s)/Common Seal of member(s)

NOTES:

1. For the purpose of determining a member who shall be entitled to attend this 21st 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 2019. Only a depositor whose name appears on the Record of Depositors as at 14 May 2019 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 to attend, speak and vote instead of him. A proxy may but need 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 and vote 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

Then Fold Here

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

Attn to: Mr. Jerry Tan

1st Fold Here

www.jagb.com.my

JAG BERHAD (439230-A)
D61-3A, Block D, Jaya One,
72A, Jalan Universiti, 46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel : 03-7954 8876
Fax : 03-7954 7279
Email: enquiry@jagb.com.my