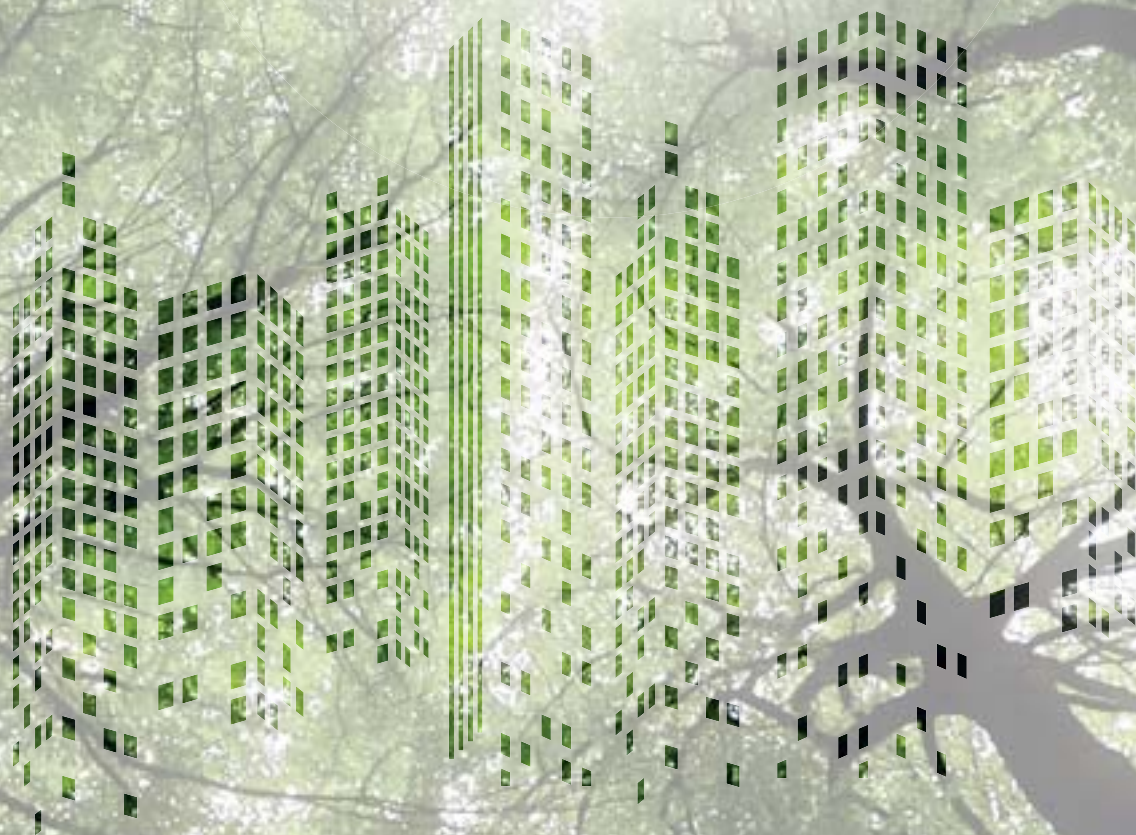




JAG BERHAD

[Registration No. 199701023733 (439230-A)]



*Sustaining The
Green Revolution*

ANNUAL REPORT 2019

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Datin Stacey Tan Siew Ching
Chairperson and Executive Director

Dato' Ng Meow Giak
Executive Director

Ewe Chuan Seng
Senior Independent Non-Executive Director

Roy Thean Chong Yew
Independent Non-Executive Director

Datuk Md. Hassim Bin Pardi
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 Stacey Tan Siew Ching
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

REGISTRATION NUMBER

199701023733 (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
SSM PC No. 201908002648
MAICSA 0777689

Cheng Chia Ping
SSM PC No. 202008000730
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
Email : info@sshsb.com.my
(for Annual Report request
and/or general meeting
registration matters)

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@sshsb.com.my

PRINCIPAL OFFICES

JAG Berhad
D65-3A, Block D, Jaya One,
72A, Jalan Universiti,
46200 Petaling Jaya,
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Telephone no. : +603-5740 8823
Facsimile no. : +603-5740 8912
Website : www.jagb.com.my

Jaring Metal Industries Sdn. Bhd.
No. 7, Jalan Sungai Kayu Ara 32/37,
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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
Suite 37, Level 21, Mercu 3,
No. 3, Jalan Bangsar,
KL Eco City,
59200 Kuala Lumpur,
Wilayah Persekutuan
Telephone no. : +603-2202 6666
Facsimile no. : +603-2202 6699

PRINCIPAL BANKERS

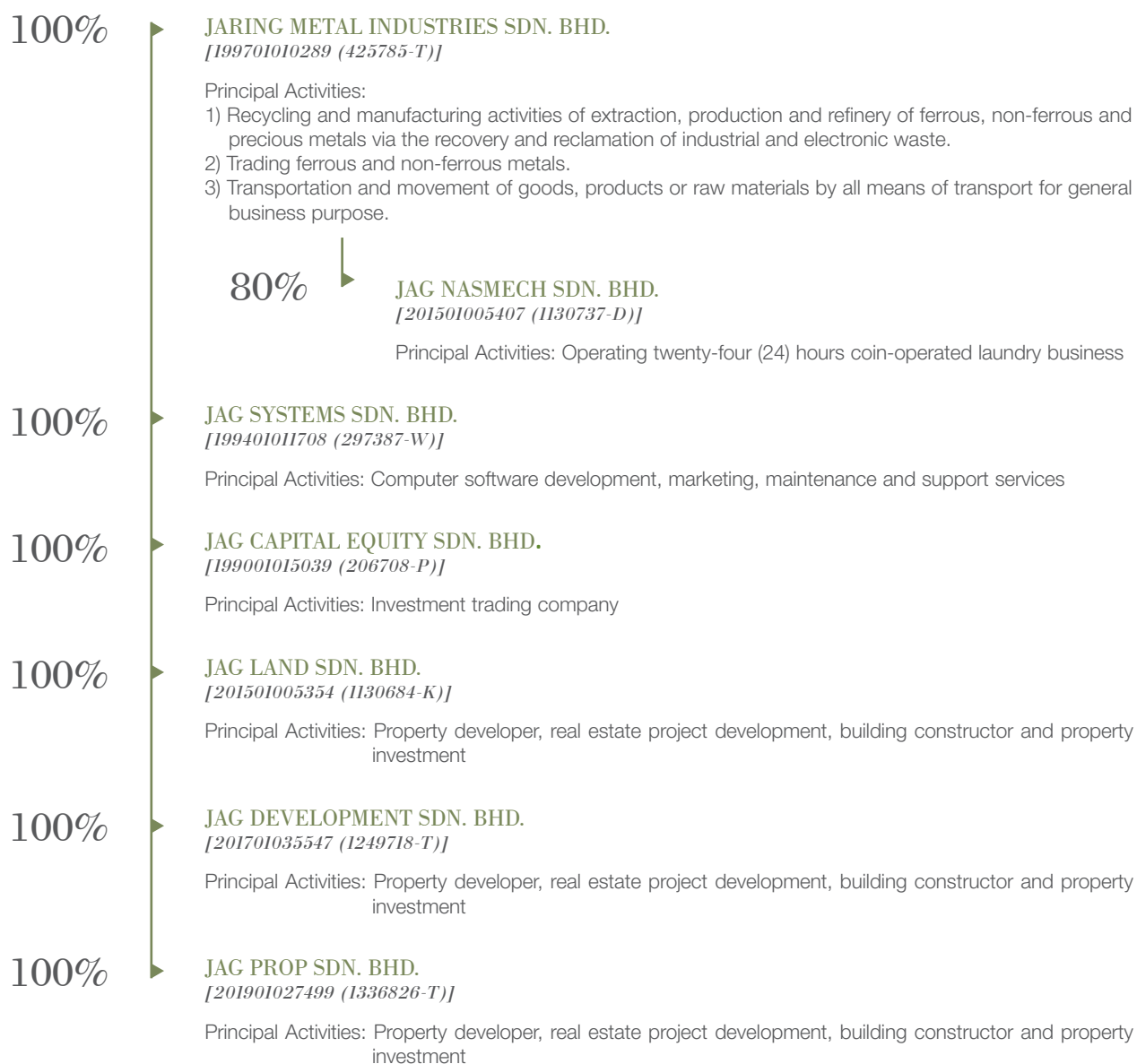
AmBank (M) Berhad
Malayan Banking Berhad
Public Bank Berhad
Hong Leong Bank Berhad

GROUP CORPORATE STRUCTURE



JAG BERHAD

[Registration No. 199701023733 (439230-A)]



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 2018”	Financial year ended 31 December 2018
“FYE 2019”	Financial year ended 31 December 2019
“FYE 2020”	Financial year ending 31 December 2020
“JAG” or “the Company”	JAG Berhad [Registration No. 199701023733 (439230-A)]
“JAG Group” or “the Group”	JAG and its subsidiaries
“JMI”	Jaring Metal Industries Sdn. Bhd. [Registration No. 199701010289 (425785-T)], a wholly-owned subsidiary of the Company
“LPD”	Latest practicable date, which is on 28 May 2020
“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

*"The world's e-waste is a huge problem. It's also a golden opportunity."
Ryder and Chao Houlin, 2019*



Dear Valued Shareholders,

As rightly re-iterated by Ryder and Chao Houlin, although 2019 was certainly filled with various headwinds, we are pleased to close our financial year on a positive note, as we successfully turned around loss-making quarters to end the year back in the black. This was achieved primarily by seizing the golden opportunity to sell higher purity commodity products, which were on an uptrend in the last quarter of 2019.

During the year, our focus remained on delivering long-term and sustainable growth to our shareholders and stakeholders at large.

On behalf of the Board of Directors of the Company, I am pleased to present to you the Company's Annual Report and Audited Consolidated Financial Statements for the FYE 2019.

CHAIRPERSON'S STATEMENT

CONT'D

ECONOMIC LANDSCAPE

The global economy saw a moderate expansion in 2019 due to the slower growth in the advanced and major emerging economies. The trade war between the world's two largest economies, US and China, certainly had negative impacts on the economy, both direct and indirect.

Directly, it dampened global economic activity through lower global trade flows, as well as increased prices for households and manufacturers. Indirectly, increased uncertainty curtailed business investments and depressed impact global productivity as global supply chains were disrupted.

Closer to home, the US-China trade war proved unfavourable for the economy as Malaysia is not only a small and open economy with a relatively high dependence on trade, but much of that trade is also deeply integrated with global supply chains. Our economy, measured by gross domestic product ("GDP"), expanded 4.3% in 2019 compared with 4.7% in 2018.

Although this was the slowest pace in a decade, the manufacturing and services sectors remained key contributors to the nation's economy.

Within the export-oriented clusters, weak external demand affected manufacturing activity in the electrical and electronics ("E&E") cluster, while the supply disruptions in key commodities led to lower production in primary-related clusters. Growth in both clusters, however, remained positive.

This was supported by the presence of Malaysian E&E firms in diversified, fast-growing product segments such as automotive electronics, medical devices and cloud computing, as well as the recovery in natural gas output.¹

On the property front, the industry fared better in 2019, especially with the launch of the National Housing Policy 2.0 and the incentives introduced in the National Home Ownership Campaign ("HOC"). According to National Property Information Centre ("NAPIC"), the property market recorded a marginal increase in the first half of 2019 compared to the same period in 2018, with 160,172 transactions worth RM68.3 billion, an increase by 6.9% in volume and 0.8% in value.²

Affordable housing and finding the right solutions to the property overhang continued to be the primary agenda within the industry.

FINANCIAL PERFORMANCE

For FYE 2019, the Group recorded a loss after tax of RM11.9 million compared with a profit after tax of RM1.8 million achieved in FYE 2018. Revenue for the year under review stood at RM139.5 million compared with RM154.4 million in the previous year. Our lower results were primarily due to the recognition of an impairment loss in the Group's property development division.

It is however important to note that the Group marked its journey back into the black in the fourth quarter of FYE 2019. The Group was able to leverage on stronger commodity prices, especially for precious metals such as gold, silver, platinum and palladium, as well as the sales of high purity commodity products.

A more detailed analysis of the Group'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 for the year under review and prevailing uncertainties in the operating landscape, the Board of Directors did not recommend a dividend payment for FYE 2019.

The Board, supported by the Management Team, intends to concentrate on the Group's attention and resources towards strengthening our entire value chain in order to boost the Group's performance.

Once the Group is on firmer financial footing, the Board may consider dividend payments in the future.

¹ <https://www.nst.com.my/business/2020/02/564829/malaysias-gdp-grows-43-pct-2019>

² <https://www.theedgemarkets.com/article/sales-new-and-secondary-homes-improved-market-outlook-remains-resilient-napic>

CHAIRPERSON'S STATEMENT

CONT'D

CORPORATE DEVELOPMENTS

Not resting on its laurels, the Group has undertaken several corporate activities during the FYE 2019:-

(i) Dismantling of IT Services Division

As part of the Group's Transformation Strategy, Management has disposed of JAG Systems Sdn. Bhd., its wholly-owned company in the IT Services Division.

On 1 April 2020, the Group entered into a Share Sale Agreement to dispose of 758,000 ordinary shares, representing 100% equity interest held in JAG Systems Sdn. Bhd. The shares were sold to Ms. Fan Mee Mee and Mr. Fan Soon Hee for a total cash consideration of RM280,000/-. Upon completion of this disposal meant that JAG Systems is no longer a wholly-owned subsidiary of the Group.

(ii) Shoring up the war chest

On 31 May 2019, the Group proposed to undertake a private placement of up to 20% of the total number of issued shares in JAG to independent third-party investor(s). The Group obtained approval from the shareholders at an Extraordinary General Meeting held on 25 July 2019.

On 5 August 2019, the Group incorporated a wholly-owned subsidiary, JAG Prop Sdn. Bhd. ("**JAG Prop**"), a private limited company with an issued share capital of RM250,000/- comprising 250,000 ordinary shares. JAG Prop has not commenced business since its operation. The intended activity of JAG Prop is to carry out the principal activity of property developer, real estate project development, building constructor and property investment.

On 13 December 2019, the Company completed the issuance of first tranche of 196,125,000 placement shares at RM0.031 each and raised gross proceeds of RM6,079,875/-. Subsequently, the Company had on 30 December 2019 completed issuances of its second and final tranches of 106,750,000 placement shares at RM0.032 each and thus raised the gross proceeds of RM3,416,000/-.

(iii) Termination of Memorandum of Understanding ("MoU")

On 19 March 2019, the Group entered into a MoU with Empire Mining Sdn. Bhd. to extract, process and produce bauxite in Pulau Langkawi, Kedah. However, both parties mutually agreed to terminate the MoU on 19 June 2019.

CORPORATE GOVERNANCE

The Board believes that maintaining high standards of corporate governance is key to continuously delivering stakeholders' value.

Guided by the MCCG, the Board is committed to good corporate governance practices to ensure the long-term performance and value creation of the Group's businesses.

The Board noted that Malaysian Anti-Corruption Commission Act ("**MACC**") Act 2009 has been amended, amongst others, to introduce corporate liability provision for bribery and corruption under Section 17A of MACC Act 2009 (Amendment 2018), which will come into effect on 1 June 2020. The Board shall be guided by the Guidelines on Adequate Procedures issued by the Prime Minister's Department in December 2018 pursuant to Section 17A(5) of the MACC Act 2009 (Amendment 2018) and make the relevant preparation for the FYE 2020.

CORPORATE SOCIAL RESPONSIBILITY

JAG is a socially responsible corporate citizen and has been dedicated to adhering to the values of sustainable practices throughout our value chain. Our commitment towards CSR is in line with Bursa Securities' framework that centres on four key pillars, namely Economic, Environment, Social and Workplace.

This can be further studied in our Sustainability Statement in this Annual Report.

OUTLOOK

2020 is an exceptionally challenging year for the global economy. Confronted with an unprecedented health crisis, global growth is expected to contract. As an open economy, Malaysia will not be spared. According to Bank Negara Malaysia, apart from the outbreak of Coronavirus Disease (Covid-19) pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector.

As a Group, we also find ourselves confronted with business risks, sudden changes in volume, real-time decision-making, workforce productivity and security risks. While the instinct is to react quickly, we feel it our responsibility to diligently sift through the challenges and come to best solutions possible.

CHAIRPERSON'S STATEMENT

CONT'D

The semiconductor industry, which we are dependent on for raw materials is expected to significantly shrink in 2020. In a report by the International Data Corporation (IDC), a premier global provider of market intelligence, there is only one-in-five chance that the market would bounce back from the contagion in 2020. The worldwide semiconductor market would likely record a year-over-year revenue loss of 6%.³

The local property market is also expected to be hit as it is predicted that the drop in housing prices will be lower than the financial crisis in 1998. The housing market is expecting a drop between -10% and -15% with housing transaction volume declining at -30%.⁴

Given this landscape, the Group is expecting a subdued year. However, we strongly believe that with the right measures in place, the Group will be able to minimise impact and weather this storm.

APPRECIATION

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

The cooperation and professionalism that I have seen and experienced is an important part of our Group's sustainability.

Thank you.

Datin Stacey Tan Siew Ching
Chairperson and Executive Director

³ <https://iottechnews.com/news/2020/mar/24/idc-warns-significant-shrinkage-semiconductor-market-covid-19-pandemic/>

⁴ https://media.edgeprop.my/s3fs-public/pullout/20200410_ep_3106.pdf?7kjPiWDUr_DKgUoewl4MKtarVpZmj_3X

MANAGEMENT DISCUSSION AND ANALYSIS

“RECYCLING OF E-WASTES REMAIN OUR CORE BUSINESS”

Dear Shareholders,

Humankind’s insatiable demand for electronic devices is creating the world’s fastest-growing waste stream. Some forms are growing exponentially. The United Nations calls it a tsunami of e-waste¹. Recycling of e-waste involves the recovery of precious materials in an environmentally sound manner which in turn requires heavy investment on machinery, equipment and environmental protection measures, flanked by JMI, our flagship subsidiary, recycling of e-wastes remain our core business.

OVERVIEW OF THE GROUP

JAG’s business activities comprise total waste management (“TWM”), coin-operated laundry services, property development, software solutions, and investment holding through its subsidiaries.

As at today, JMI continues to be the main contributor to the Group, delivering a total of 97% to the JAG’s revenue and profit.

GROUP FINANCIAL PERFORMANCE

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

	2019 RM’000	2018 RM’000	2017 RM’000	2016 RM’000	2015 RM’000
Revenue	139,517	154,411	142,623	93,579	84,791
Other Operating Expenses	22,070	12,430	18,814	12,757	12,139
(Loss)/Profit Before Tax	(10,971)	2,595	10,891	2,564	(22,415)
Net (Loss)/Profit	(11,929)	1,758	8,397	2,059	(19,791)
Shareholders’ Equity	151,851	154,391	146,587	124,310	123,798
Total Assets	201,522	189,087	178,833	155,192	149,956
Borrowings	29,576	18,076	17,376	15,744	12,396
Basic (Loss)/Earnings Per Share (sen)	(0.78)	0.12	0.68	0.18	(1.80)

REVENUE

For the FYE 2019, the Group recorded a revenue of RM139.5 million compared to RM154.4 million in FYE 2018, decrease of RM14.9 million or 9.6%. This was mainly due to lower revenue generated from sales of non-ferrous metals from the TWM division following fluctuations and downtrend of some commodity prices during the year. The slowdown of the economy further resulted in a lower demand of commodities globally.

OTHER OPERATING EXPENSES

Other operating expenses recorded a significant increase from RM12.4 million in FYE 2018 to RM22.1 million in FYE 2019, represented an addition of RM9.7 million or 78.2%. This was mainly due to a one-off recognition of expenses of impairment loss on investment properties, impairment loss on property, plant and equipment, as well as inventories written down in FYE 2019 for a total of RM9.5 million. Details of the expenses will be discussed in the relevant business segment.

¹ <https://www.un.org/sustainabledevelopment/blog/2015/05/un-environment-chief-warns-of-tsunami-of-e-waste-at-conference-on-chemical-treaties/>

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

(LOSS)/PROFIT AFTER TAX

The Group reported loss after tax (“LAT”) of RM11.9 million in FYE 2019, compared to FYE 2018’s profit after tax (“PAT”) of RM1.8 million. The said losses were mainly due to recognition of the one-off operating expenses as mentioned above. Additionally, the higher cost of sales compared to the previous financial year, resulting from higher purchase cost from stiff competition during the tendering process of e-waste from vendors also impacted the profit margin of the Group. This was further exacerbated by the volatility of commodity prices.

SHAREHOLDERS’ EQUITY

The shareholders’ equity decreased by RM2.5 million from RM154.4 million in FYE 2018 to RM151.9 million in FYE 2019. During the FYE 2019, the Group completed a fund raising exercise through a private placement on 30 December 2019 and successfully raised a total of RM9.5 million.

As at LPD, the utilisation of the proceeds from the private placement is as below:

	Proposed utilisation RM’000	Actual utilisation RM’000	Balance proceeds RM’000	Intended timeframe for utilisation
Project development cost	2,000	-	2,000	12 months
Purchase of machinery	3,870	2,993	877	12 months
Working Capital	3,366	3,366	-	12 months
Estimated expenses in relation to the Private Placements	260	260	-	within 1 month
Total	9,496	6,619	2,877	

TOTAL ASSETS AND LIABILITIES

The Group’s total assets as at FYE 2019 rose by 6.6% or RM12.4 million to RM201.5 million as compared to RM189.1 million in FYE 2018. The said increase was mainly due to the recognition of right-of-use asset in accordance with the adoption of new accounting standard of MFRS 16, *Leases*, where RM9.9 million of right-of-use asset (gross) and lease liability had been recognised as asset and liability respectively.

In addition, the Group also completed the acquisition of a new land worth RM12.9 million as land bank for the property development segment. The said acquisition was financed by a combination of cash and bank borrowing. Completion of the said land acquisition has led the Group in incurring RM8.6 million in bank borrowing.

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 eleven (11) recycling companies in Malaysia with full recovery license awarded by the Department of Environment (DOE) (License No. 003670)². The full recovery license allows JMI to carry out all stages of recycling process such as collection, transportation, processing and disposal of scheduled wastes.

² Data from Department of Environment as at 26 March 2020, List of Licensed Schedule Waste Facility/Transporter

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

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:-

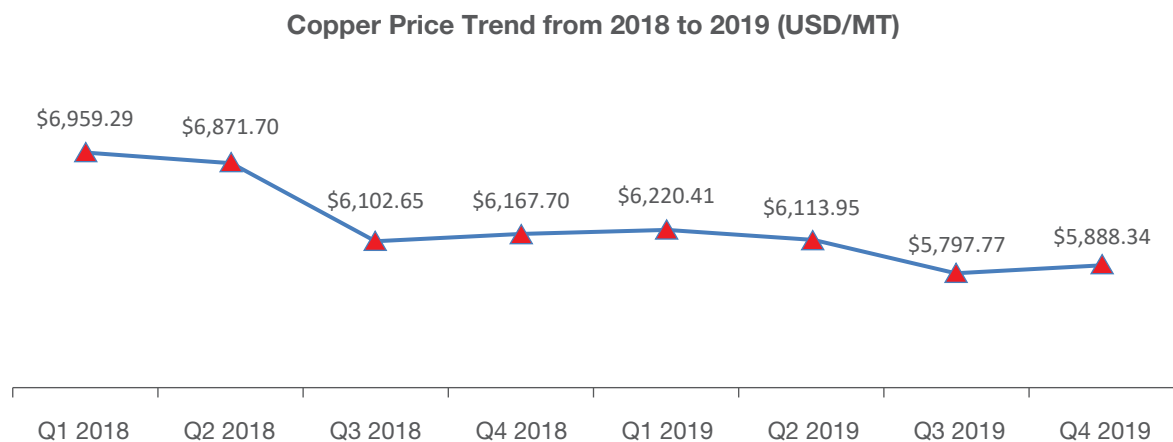
ISO 9001:2015	ISO 14001:2015	OHSAS 18001:2007
Certification for the trading, processing and recovery of ferrous, non-ferrous and precious metals.	Certification for the trading, processing and recovery of ferrous, non-ferrous and precious metals.	Certification for the trading, processing and recovery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

As the Group's mission is 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. The Company also aims to create zero-waste in production processes and is consistently working towards achieving this objective. To that end, JMI regularly reviews and monitors production efficiency. Major production process controls are fine-tuned to reduce wastage where possible, as well as to cater to the increased input volume. With the conscientious effort of our research and operation team, JMI has achieved 95% utilisation of the e-waste collected across the manufacturing processes.

The continuous efforts to optimise the capacity and efficiency of the production process have further improved the productivity of the processing chain, specifically for smelting, precious metal recovery, electrolysis, and down-stream process. As a result from the improvement, JMI recorded a continuous increase in output in FYE 2019 of 9% (FYE 2019 vs. FYE 2018) and 55.4% (FYE 2018 vs. FYE 2017) with the additional capital investment.

The Group approved the investment in a customised carbonator of RM3.6 million. The purchase is expected to double the Group's maximum carbonation treatment capacity. As at LPD, the said carbonator has been installed and is expected to be fully operational in May 2020. JMI expects the increase in capacity to boost the revenue and improve the efficiency of the TWM segment.

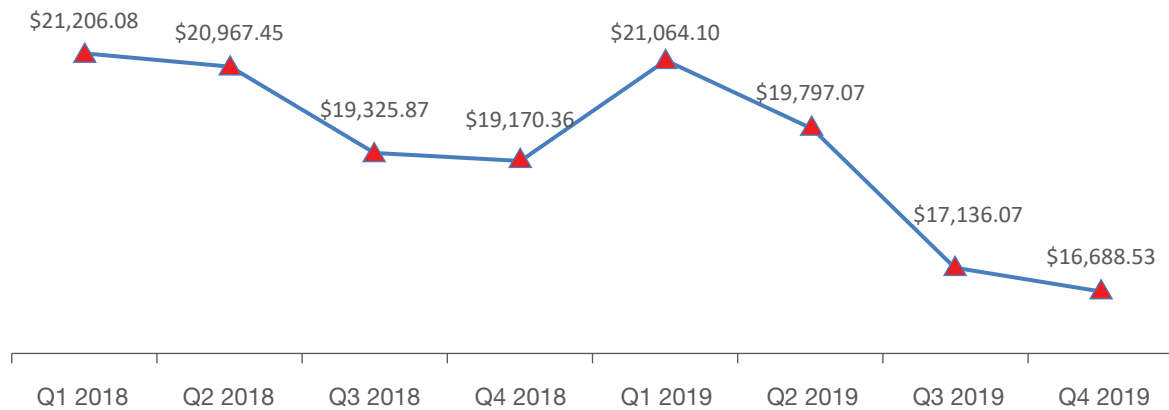
During the FYE 2019, 90% of JMI's sales revenue was derived from export markets to countries such as China, Japan and Philippines. The commodities that are commonly traded by the Group are copper, tin, silver and gold. As such, fluctuations in exchange rates and commodity prices will continue to have a direct impact to the Group's financial performance and position. The fluctuation of major commodity prices traded by JMI in 2018 and 2019 are illustrated below:-



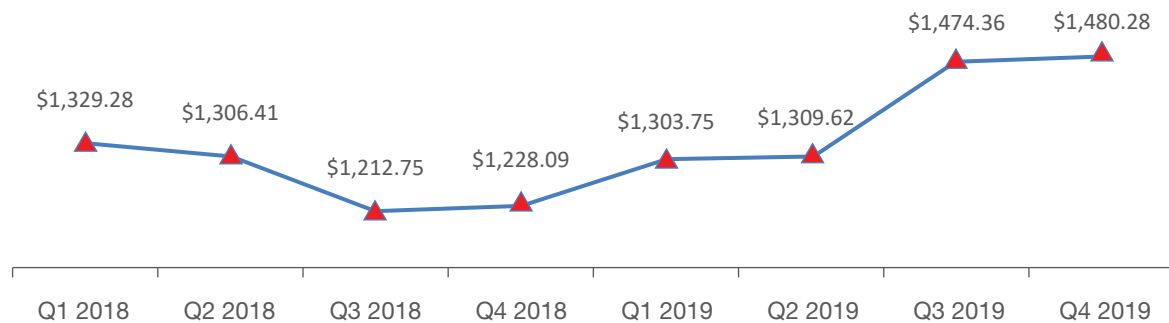
MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

Tin Price Trend from 2018 to 2019 (USD/MT)

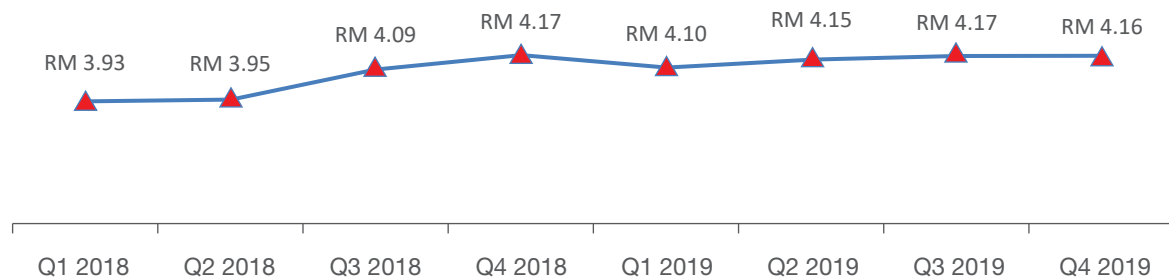


Gold Price Trend from 2018 to 2019 (USD/Ozt)



Source: Average price extracted from Argus Metal

Exchange Rate from 2018 to 2019 (USD 1: MYR)



Source: Average price extracted from Bank Negara Malaysia

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

According to the World Bank Report in October 2019, prices of almost 60% of commodities fell amid mounting concerns over slowing global growth. Copper price fell in 2019 as global industrial demand was dampened by increased concerns of the global economic slowdown, especially manufacturing activity in China, which accounts for half of global copper consumption, experienced a slowdown as metal-intensive sectors remained weak³. This was further supported by Consumer News and Business Control (“CNBC”) which noted that China’s manufacturing activity had shrank for sixth (6th) straight months in October 2019⁴ due to the U.S. – China trade dispute.

Tin price experienced a downtrend since the first quarter 2019. According to Reuters, almost half of all tin usage comes from soldering in semiconductors, a sector that is particularly weak even in the context of the broader downturn in global factory activity. Additionally, the global semiconductor sales slumped 15.5% year-on-year (“YoY”) in July 2019, according to the World Semiconductor Trade Statistics Organisation⁵.

Gold and silver prices remained on an increasing trend in 2019. Prices were supported by strong physical demand, interest rate cuts by the U.S. Federal Reserve and increased global policy uncertainty. Increased demand for gold has been led by central bank purchases, investor holdings in gold-backed exchange traded funds, and jewelry sales, especially in India.

Closer to home, Malaysian Industrial Development Authority (MIDA) expects the Electrical and Electronics (“E&E”) industry to generate a gross national income impact of RM53.4 billion. The growth will be primarily supported by the megatrend of the Internet-of-Things (IoT) that has multiple applications and increased use of wearable gadgets, smart home applications, automotive industry and artificial intelligence (AI) technologies⁶.

In addition, manufacturing sales grew by 5.2% in December 2019 to RM76.1 billion as compared to RM72.3 billion in 2018. The YoY growth was driven by the increase in Transport Equipment & Other Manufactures Products (7.7%), Petroleum, Chemical, Rubber and Plastic Products (5.9%) and E&E Products (2.7%)⁷.

Services Division – Coin-operated laundry business

The self-operated laundry model was introduced in Malaysia in the late 1990s. The business model has delivered good returns to the investors with the introduction of more efficient and cost saving machines. The continued growth has attracted the emergence of more operators to tap into the growth potential, therefore, the industry has begun to see intensifying competition in recent years.

This division driven by JAG Nasmeh Sdn. Bhd. (“JAGN”), which began its journey with its first outlet in September 2015. To-date, a total of fourteen (14) outlets have been introduced and operated by JAGN in carefully identified dense populated areas around Klang Valley as at LPD. The number of equipment for each outlet was determined by the experienced sales and marketing team based on market surveys, observations and experience.

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

- (i) Cozy and colourful decoration which provides a comfortable, cheerful and relaxed atmosphere to users;
- (ii) Targeted corner units which provide more space for users;
- (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 27 kilograms 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.

³ *The World Bank – Commodity Market Outlook 2019*

⁴ *CNBC - China says its manufacturing activity shrank for the sixth straight month in October*

⁵ *Reuters Article – China’s tin production cuts halt price slide*

⁶ *The Edge Markets – Electrical & Electronics to generate RM53.4b GNI by 2020, say MIDA and SEMI*

⁷ *Department of Statistics Malaysia – December 2019*

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

Property Development Division

The property arm of the Group is formed by three (3) subsidiaries, JAG Land Sdn. Bhd. ("**JAG Land**"), JAG Development Sdn. Bhd. ("**JAG Development**") and the newly incorporated subsidiary, JAG Prop Sdn. Bhd. ("**JAG Prop**").

According to the data collected by National Property Information Centre (NAPIC), the total residential property transacted rose 2.1% YoY in the third quarter of 2019. The growth in transaction value may have been supported by the Home Ownership Campaign ("**HOC**") which was kicked off by the government to provide several exemptions and incentives for purchasers. However, there could be a demand vacuum after the HOC expired at the end of 2019 which could result in a dip in property sales in 2020⁸.

Since 2018, the Group acquired a land on Taman Sentosa, Klang with the intention to develop a high rise project, namely "**ARCA**". The marketing activities of the said project had been ongoing for the past 2 years. However, in 2019, the management decided to cease the project after taking into consideration various external and internal factors which may not be favourable to the outlook of the Group such as the market outlook of the real estate industry, responsiveness of product and others. The decision led the Group to recognise an impairment loss on investment property and impairment loss on property, plant and equipment for a total of RM5.9 million. The said land will remain for investment purposes and concurrently, other options are being analysed to determine their suitability in the current market with the aim to monetise the capital incurred.

Additionally, JAG Development had on 2018 completed the acquisition of a residential land on Kemuning Utama, Selangor. Based on the market data and statistic obtained, the upcoming development project of the said land will be planned for landed property which will cater better to current market demand. As at LPD, the development planning and relevant authority application have been submitted to the authority for approval.

Prospects and Moving Forward

Looking forward, 2020 will be a highly challenging period for many market participants. The global economy has been significantly affected by the Covid-19 pandemic. In April 2020, the International Monetary Fund ("**IMF**") reported the global economy will contract 3% in 2020. According to IMF, economies in Asia will foresee zero growth this year for the first time in sixty (60) years.

In its 2019 annual report, released on 3 April, Bank Negara Malaysia said that Malaysia's economic growth (measured by GDP) is projected between -2% and 1.5% in 2020. In line with country lockdowns, or travel restrictions imposed in many countries around the world, Malaysia implemented its Movement Control Order ("**MCO**") with effect from 18 March to 31 March 2020 and subsequently extended to 12 May 2020 ("**MCO Period**"), followed by the Conditional Movement Control Order ("**CMCO**") up to 9 June 2020.

The Group temporarily suspended business activity during the initial stage of MCO Period. However, the TWM division had on 19 April 2020, obtained the approval from the authority to resume its operations during MCO period. As such, the Company had on 22 April 2020 resumed its operation.

In JAG Berhad, the TWM division is highly dependent on its supply chain which is backed by E&E industry participants and semiconductors in Malaysia. The development of E&E industries in Malaysia remained positive as Malaysia had classified E&E industries as one of the essential industries during the MCO Period.

In view of that, the secured supply contracts are still honored and thus TWM division will continue to be the major revenue and profit contributor to the Group in 2020. 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 advanced waste management facility maintained by the Group will sustain the market position of JMI. Furthermore, the continuing efforts of the R&D team to acquire more know-how will certainly strengthen the competitive advantage of JMI.

For the property development division, the real estate outlook in 2020 could likely remain subdued⁹. However, Bank Negara Malaysia reduced interest rate three times in 2020, which will create a cheaper mortgage loan, and in turn benefit home purchasers. The Group will continue positioning itself as a boutique developer. The Management will review, monitor and analyse the on-going projects as well as market conditions to ensure the projects meet the demand of the market.

On behalf of Management,

Dato' Ng Meow Giak
Executive Director

⁸ The Edge Markets – Sluggish Property Market Conditions to Continue in 2020

⁹ SME & Entrepreneurship Magazine – Malaysia Property Market Outlook 2020

PROFILES OF THE BOARD OF DIRECTORS

DATIN STACEY TAN SIEW CHING

*Chairperson and Executive Director
Malaysian, aged 51, Female*

Date of appointment as Director:

15 March 2011

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

9 years 2 months

Board Committee(s) Membership:

Member of Risk Management Committee

Academic/Professional Qualification(s):

Bachelor of Science (Honours) degree in Business Economics from the University of Salford in the United Kingdom

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

Datin Stacey Tan does not hold any directorship in other public companies or public listed companies, but Datin Stacey Tan sits on the Board of several private companies.

Working experience:

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

Time committed:

Datin Stacey Tan attended all the five (5) Board of Directors' Meetings of the Company held in the FYE 2019.

DATO' NG MEOW GIAK

*Executive Director
Malaysian, aged 48, Male*

Date of appointment as Director:

5 December 2013

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

6 years 5 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 22 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 2019.

PROFILES OF THE BOARD OF DIRECTORS

CONT'D

ROY THEAN CHONG YEW

*Independent Non-Executive Director
Malaysian, aged 49, Male*

Date of appointment as Director:

18 October 2010

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

9 years 7 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
- Teladan Setia Group Berhad, a non-listed public 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 26 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 2019.

PROFILES OF THE BOARD OF DIRECTORS

CONT'D

DATUK MD. HASSIM BIN PARDI

Independent Non-Executive Director

Malaysian, aged 68, Male

Date of appointment as Director:

26 August 2011

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

8 years 9 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 2019.

PROFILES OF THE BOARD OF DIRECTORS

CONT'D

EWE CHUAN SENG

*Senior Independent Non-Executive Director
Malaysian, aged 64, Male*

Date of appointment as Director:

13 August 2014

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

6 years and 4 months

Previous Appointment: 7 months
03.11.2010 to 20.06.2011

Current Appointment: 5 year and 9 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 (CIArb), 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 all the five (5) Board of Directors' Meetings of the Company held in the FYE 2019.

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 51, Female*

[Please refer to page 16 for profile of Datin Stacey Tan]

DATO' NG MEOW GIAK

*Executive Director
Malaysian, aged 48, Male*

[Please refer to page 16 for profile of Dato' Ng]

DATO' NG AIK KEE, THOMAS

*Managing Director, JMI
Malaysian, aged 50, 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 22 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.

PROFILES OF KEY SENIOR MANAGEMENT

CONT'D

NG YAW LONG, TONY

*Operation Director, JMI
Malaysian, aged 44, 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 Practising 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 20 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 49, 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 32, 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 Assistant 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 was also having vast experience in leading audit assignments of listed and private companies from various industries.

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

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

NG SENG TEIK

*Project Director, JAG Land Sdn. Bhd.
Malaysian, aged 44, 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 is currently heading the property development division of Group.

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 two (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

“Corporate governance is the system of rules, practices and processes by which a company is directed and controlled.”

The Chartered Governance Institute, United Kingdom

Taking the cue from the Chartered Governance Institute, the Board of Directors of JAG recognises that corporate governance (“CG”) is of paramount importance in ensuring the Company is managed in the best interest of the shareholders.

JAG’s Commitment

The Board of JAG is committed towards ensuring good CG practices are implemented and maintained throughout the Group as a fundamental part of discharging its duties to protect shareholders’ interests.

As part of this commitment, the Board is pleased to present this CG Overview Statement (“CG Statement”) to provide investors with an overview of the extend of compliance with the Practices as set out in the MCCG under the stewardship of the Board. In doing so, the Board has taken guidance from the three (3) key Principles below as set out in the MCCG:-

Principle A	Principle B	Principle C
Board Leadership & Effectiveness	Effective Audit & Risk Management	Integrity in Corporate Reporting & Meaningful relationship with stakeholders

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 2019, which are available for public access on the Company’s corporate website at:-

<http://www.jagb.com.my>

The CG Report 2019 provides the detailed explanations on how JAG has applied each Practice as set out in the MCCG during the FYE 2019 and/or up to the LPD (where applicable) (hereinafter referred to as “Applicable Period”).

JAG’s CG Journey

As the Management continues with its day-to-day business activities, the Board is mindful that a strong CG culture should be cultivated to provide assurance to the stakeholders that ethical principles are not forsaken in the pursuit of our corporate goals, notwithstanding the ever changing regulatory and market environment.

To ensure the Board continues to apply the best CG practices, during the Applicable Period, the Company Secretary had tabled to the Board the letter dated 16 October 2019 issued by Bursa Securities in relation to the key observations on CG Reports and CG Overview Statements of listed corporations, as well as the CG Monitor 2019 (issued by Securities Commission Malaysia in May 2019).



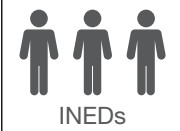
The Company Secretary also briefed the Board on the findings of the CG Monitor in order for the Board to deliberate and review the CG performance of the Company as compared to the levels of other listed companies reported in the CG Monitor 2019, as well as to identify areas for improvement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

JAG's Key Focus Area

The Board is pleased to provide below a snapshot of the key CG focus areas for the Applicable Period:-

MCCG Practice	Applications by JAG
Practice 1.1 Key Responsibilities of the Board	<ul style="list-style-type: none"> √ Strategic planning and direction to Executive Management √ Group business overview and financial performance oversight √ Risk Management oversight – assisted by Risk Management Committee (“RMC”) √ Internal Control and compliance – ensure robustness, adequate and with integrity √ Stakeholders’ communication – designated spokesperson for external parties and general public √ Human resources planning and remuneration – ensure Executive Management retain key senior management personnel with integrity and competence
Practice 4.1 At least half the Board comprises independent directors	<ul style="list-style-type: none"> √ 60% of the Board comprises Independent Non-Executive Directors (“INEDs”) and remaining 40% are Executive Directors (“EDs”). <div style="display: flex; justify-content: center; align-items: center; gap: 20px;"> <div style="text-align: center;">  <p>2 EDs</p> </div> <div style="text-align: center;">  <p>3 INEDs</p> </div> </div>
Practice 4.7 Nomination Committee is chaired by an independent or senior independent director	<ul style="list-style-type: none"> √ The Nomination Committee is chaired by Mr. Ewe Chuan Seng (“Mr. Ewe”), the Senior INED √ Mr. Ewe has been designated as contact person to whom shareholders may raise their concern
Practice 5.1 Formal and objective evaluation on Board, its Committees and each individual director	<ul style="list-style-type: none"> √ Facilitated by the Company Secretary, Mr. Ewe, as the Chair of the Nomination Committee led the annual review of board effectiveness, ensuring the performance of each Director, the Board Committees, as well as the Board as a whole were duly assessed by the Nomination Committee and be documented by the Company Secretary
Step-up Practice 8.4 The Audit Committee comprises solely of independent directors	<ul style="list-style-type: none"> √ The Audit Committee comprises solely of three (3) INEDs <div style="text-align: center;">  <p>INEDs</p> </div>
Step Up Practice 9.3 Risk Management Committee with a majority of independent directors	<ul style="list-style-type: none"> √ Formation of a Board-level Committee i.e. RMC since 26 February 2018 √ The RMC is chaired by Mr. Roy Thean Chong Yew, an INED √ 60% of the RMC comprises INEDs and the remaining 40% are identified key senior management personnel – having due regards to the nature of business an operating environment of the core business of JAG

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

The detail applications of each of the three (3) key CG principles are set out below:-

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

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**”), 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 the Chairman or representative of each Committee and tabling of Minutes of Board Committees’ Meeting 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) Review of Strategic Plan

The Board noted the strategic plan for JAG, including its goals and business direction remain unchanged and that the strategic plan supports long term value creation and includes strategies on economic, environment and social considerations underpinning sustainability.

(b) Review of Management’s Proposals and Conduct of the Group’s business

For the FYE 2019, the Management had presented to the Board the following proposals and strategic initiatives:-

i) Annual Budget Plan

As a financial activity tracking initiative to support the strategic plan, the Management had tabled to the Board, the annual budget plan of the Group for FYE 2019 for review and approval.

The Board reviewed and deliberated the basis and underlying assumptions made by the Management when preparing the annual budget plan of the Group for FYE 2019 and provided guidance to ensure that the assumptions made were realistic and applicable to the Group.

ii) Proposed Private Placement of up to 20% of the total number of issued shares in the Company (“Proposed Private Placement”)

The proposal on Proposed Private Placement was tabled by the Management to the Board for consideration for the purpose of raising funds for the Group’s property development, as well as its total waste management (“**TWM**”) businesses.

The shareholders had at the Extraordinary General Meeting held on 25 July 2019 approved the Proposed Private Placement and the Proposed Private Placement was deemed completed on 30 December 2019 upon listing of and quotation for 302,875,000 ordinary shares on ACE Market of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

I. BOARD RESPONSIBILITIES *cont'd*

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

(c) Oversee of Business Operations and Performance Tracking

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

Name	Designation
Datin Stacey Tan	Chairperson and ED
Dato' Ng Meow Giak	ED (TWM Division)
Mr. Kek Beng Soon	Financial Controller (Group)
Dato' Ng Aik Kee, Thomas	Managing Director (TWM Division)
Mr. Ng Yaw Long, Tony	Operation Director (TWM Division)
Mr. Goh Chee Hong	Finance Manager (TWM Division)
Mr. Ng Seng Teik	Project Director (Property Development Division)

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

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

The Board monitors the performance of Management on a regular basis vide insertion of relevant agenda 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 keep the Board and/or Board Committees abreast of the latest business activities and development of the Group.

As a matter of protocol, the EDs will table their Operation Reports at every quarterly Board Meeting for the Board's notation. The EDs 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 reports 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 established a risk management framework for the Group to facilitate proper conduct of the Group's businesses. The Board has also established key control processes to ensure that there is a sound framework of reporting on internal controls and regulatory compliance.

The Board has also established a RMC, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

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 2019 Annual Report.

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*

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

The Board has adopted an Enterprise Risk Management (“ERM”) Framework for its key principal subsidiary, JMI, to manage its risk and opportunities.

The RMC was formed to assist the Board on managing the risk exposure of the Group, supported by the Risk Management Working Group (“RMWG”) in order to achieve its business objective.

The RMWG is responsible to perform risk identification, risk evaluation and make relevant recommendations for risk mitigation for the Group.

The RMWG monitors the movement of the risk ratings and alerts the RMC directly whenever there is new significant risk discovered in their radar. The RMC in turn, reports directly the Board.

(f) Succession Planning and Continuing Development

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

In ensuring the effective communication with the Company's shareholders and stakeholders, the Board has adopted a Corporate Disclosure Policy which includes, inter alia, an Investor Relations (“IR”) section that 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 accurately and to obtain feedback from the stakeholders.

(h) Integrity of Financial and Non-Financial Reporting

The Board ensures that shareholders are presented with a quality, clear, balanced, meaningful assessment of the Company's financial performance and prospects through the issuance of the audited financial statements, 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.
- (c) 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.
- (d) Leads the conduct of the Board Meetings and initiates discussion within the Board.
- (e) 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.
- (f) Acts as the intermediary between the Board and the Management by coordinating smooth communication flow between both parties.
- (g) Chairs the general meetings of the Company and commits to answering the queries from the shareholders.
- (h) Communicates the views from the stakeholders to the Board as a whole, for consideration or improvement, if any.
- (i) 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 Chairperson 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 EDs.

In view of the two (2) 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 Chairperson and ED 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.

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

- (a) The composition of the Board consists of 60% of 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 a 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, through the separate employment contracts.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

I. BOARD RESPONSIBILITIES *cont'd*

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, experiences as well as the duties and responsibilities of the Company Secretaries are outlined in the **CG Report 2019**, which are available for viewing on the Company’s corporate website at www.jagb.com.my.

For FYE 2019, 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 and Companies Commission of Malaysia for FYE 2019.

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.

For FYE 2019, the Board is satisfied with the performance and supports rendered by the Company Secretaries to the Board in discharging its functions.

5. Timely circulation of meeting materials

The Board fixes the 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 works 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 2019, to leverage on the usage of technology, the Board papers were circulated to the Directors in electronic form via email prior to the Board Meetings, to allow the 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 2020.

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

Subsequent to the Board 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 are recorded in the Minutes.

The Chairperson 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

I. BOARD RESPONSIBILITIES *cont'd*

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.

Roles of Senior INED

Mr. Ewe is the Senior INED of the Company.

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

- A sounding board for the 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.

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.

The guiding principles of the Code are as follows:-

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

I. BOARD RESPONSIBILITIES *cont'd*

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

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

The Code will be reviewed on biennially basis or as and when required.

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

As recommended by Practice 3.2 of the MCCG, the Board has adopted a full-fledged whistleblowing policy in February 2019. 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):-

<p>For matters relating to financial reporting, unethical or illegal conduct, one can report directly to the following designated persons:-</p> <p><u>AC Chairman</u></p> <p>Mr. Roy Thean Chong Yew at email address: rthean@hotmail.com</p>
<p>For employment-related concerns, one can report directly to the following designated persons:-</p> <p>(1) <u>ED (JAG Group)</u></p> <p>Datin Stacey Tan at email address: stacey@jagb.com.my</p> <p>(2) <u>ED (TWM Division)</u></p> <p>Dato' Ng Meow Giak at email address: nigel@jaringmetal.com</p> <p>(3) <u>Head of Human Resources</u></p> <p>Mr. Ng Yaw Long at email address: tony@jaringmetal.com</p>
<p>For any concerns from the shareholders/stakeholders, one can email to the following designated Director:-</p> <p><u>Senior INED</u></p> <p>Mr. Ewe Chuan Seng at email address: ewealbert@gmail.com</p>

For FYE 2019, none of the designated persons have received any report or concerns vide the abovementioned communication and feedback channels.

II. BOARD COMPOSITION

1. **Size and Composition of the Board**

For FYE 2019, the Board comprises five (5) members, three (3) of whom or 60% are INEDs and two (2) or 40% are the EDs which is compliance with the Rule 15.02(1) of the ACE LR, as well as Practice 4.1 of the MCCG.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

II. BOARD COMPOSITION *cont'd*

2. Tenure of Independent Directors

The roles of the Independent Directors are particularly important in ensuring that the strategies proposed by the EDs 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 Board has not set a term limit of nine (9) years for the Independent Directors, after taking into consideration the following factors:-

- Major subsidiary of the Group, namely JMI is a specialist waste recycler, where there is a long gestation period for capital and resources invested, as compared to other industries, say, fast moving consumer goods companies. Therefore, it is expected that the Independent Directors on Board will remain on board for a prolonged period, to provide the independence oversight while the EDs manage the Company and Group.
- The artificial change in designation from independent director to non-independent director as promulgated by the MCCG whilst being seen as a good corporate governance practice will in fact be detriment to the interest of the shareholders in the long run with regards to the Company. This is due to the fact that an independent director will be “*demotivated*” by such artificial change through no fault of his own, as well as creating the artificial need of one vacant board seat for independent director and in turn, creating an additional financial obligation on the Company which would not be in the best interest of the shareholders of the Company.

Mr. Roy Thean Chong Yew (“**Mr. Roy Thean**”), who was appointed as an INED of the Company on 18 October 2010, has served on the Board in an independent capacity for a cumulative term of more than nine (9) years.

With regards to Mr. Roy Thean’s professional qualifications and experience (as illustrated in the profile of Directors of Mr. Roy Thean), he has held an illustrious career as chartered accountants, thereafter attaining commercial experience by joining various commercial organisations.

As the alternate practice, prior to making recommendation to the shareholders at the AGM on the retention of Mr. Roy Thean as an INED of the Company, the Board had vide the NC, assessed the independence of Mr. Roy Thean and regarded him to be independent, based on the following justifications:-

- He has fulfilled the criteria under the definition of an Independent Director 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 could have with the Company as he has not entered into any contract or transaction with the Group;
- There are significant advantages to be gained from a long-serving Independent Director 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; and
- Notwithstanding his nine years’ on board, he remains impartial and actively voice out his opinions, challenges Management’s assumptions and provides sound advice to the Board/Management where relevant.

With his independence remains intact, the Board believes that the intended outcome of Board decisions being made objectively in the best interests of the company taking into account diverse perspectives and insight can continuously be met by having Mr. Roy Thean remain on Board as an INED.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

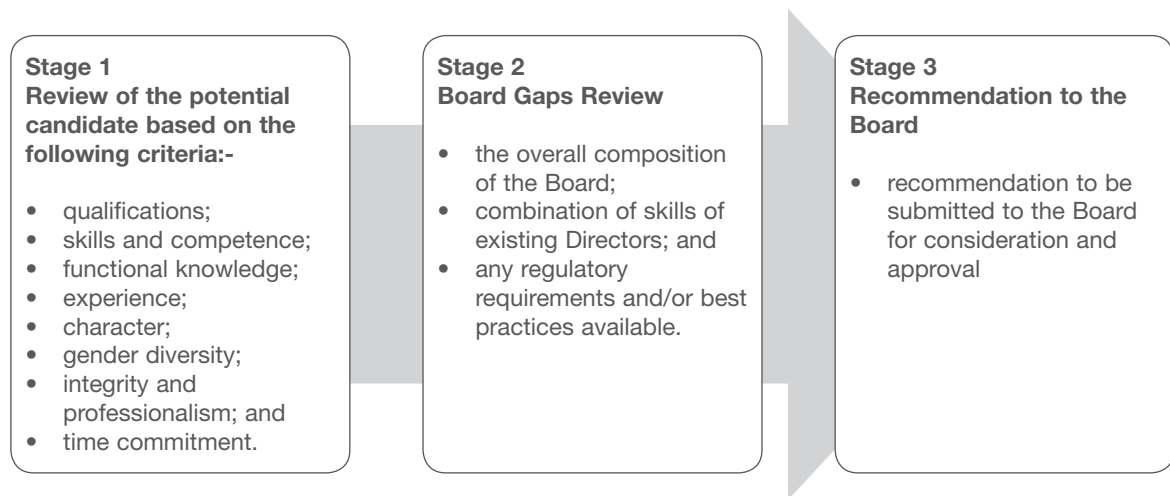
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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

3. Procedures for Appointment of Directors and Senior Management

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.

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.

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 (40) to sixties (60) years of age, which underlies the Board's commitment to age diversity at the Board level appointment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

II. BOARD COMPOSITION *cont'd*

4. **Boardroom Diversity** *cont'd*

Gender Diversity

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

For FYE 2019, the Board comprises one (1) female Director, equivalent to 20% women representation on Board.

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, a 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 2019.

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 Director.

For the FYE 2019, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

II. BOARD COMPOSITION *cont'd*

5. Board Committees *cont'd*

- **NC** *cont'd*

a) **Summary of Works**

The following works were undertaken by the NC during FYE 2019:-

- (i) Reviewed and confirmed the Minutes of the preceding NC Meeting.
- (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 2018 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) Recommended to the Board, the retention of Mr. Roy Thean as an INED of the Company whose tenure of an independent Director would have reaches nine (9) year term limit.
- (xi) Reviewed the training programmes attended by the Directors in year 2018 and identified the training needs of the Directors for FYE 2019.
- (xii) Assessed the suitability of the Director(s) who will be standing for the re-election at the 21st Annual General Meeting of the Company held in 2019 and recommended the same to the Board for approval.

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 2019 was as follows:-

General Meetings

Name of Directors	Number of Meetings Attended/Held	%
Datin Stacey Tan Siew Ching (Chairperson)	2/2	100.00
Dato' Ng Meow Giak	2/2	100.00
Mr. Roy Thean Chong Yew	2/2	100.00
Datuk Md. Hassim Bin Pardi	2/2	100.00
Mr. Ewe Chuan Seng	1/2	50.00

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*

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	5/5	100.00

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

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)	2/2	100.00
Datuk Md. Hassim Bin Pardi	2/2	100.00
Mr. Ewe Chuan Seng	2/2	100.00
Datin Stacey Tan Siew Ching	2/2	100.00
Dato' Ng Meow Giak	2/2	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*

The attendance of AC Meetings held during FYE 2019 is stated in the **AC Report** in this 2019 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 2019.

- 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.

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 2019, the Directors had participated in the following training programmes:-

Dates	Description of Training Programmes
Datin Stacey Tan Siew Ching	
13/03/2019	ICDM – PowerTalk No. 3 on Revisiting the Misconception of Board Remuneration
21/03/2019	Business Council for Sustainable Development Malaysia (BCSDM) – Breakfast Talk on Sustainability & Business
06/11/2019	Corporate Liability under Section 17A of the Malaysian Anti-Corruption Commission Act (Amendment) Act 2018
Mr. Roy Thean Chong Yew	
20/02/2019	Blockchain for Accountants – Awareness Workshop
15/03/2019	International Professional Practices Framework (IPPF) Standard 1300 & How Does it Add Value to your Organisation?
27/03/2019	Cybersecurity for Decision Makers
16/06/2019	Sustainability – What Directors Need to Know
22/11/2019	Audit Oversight Board Conversation with Audit Committees

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

II. BOARD COMPOSITION *cont'd*

5. Board Committees *cont'd*

- **NC** *cont'd*

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

Based on the training needs identified by the NC for the Directors for FYE 2019, the Directors had participated in the following training programmes:- *cont'd*

Dates	Description of Training Programmes
Dato' Ng Meow Giak	
27/06/2019	CG Advocacy Programme – Cyber Security in the Boardroom (Accelerating from Acceptance to Action)
23/08/2019	Institute of Corporate Directors Malaysia (ICDM) – Corporate Governance Advocacy Programme
Datuk Md. Hassim Bin Pardi	
27/06/2019	CG Advocacy Programme – Cyber Security in the Boardroom (Accelerating from Acceptance to Action)
17/10/2019	Sale & Services Tax Seminar
Mr. Ewe Chuan Seng	
23/08/2019	Managing Tax Issues in Financial Transactions
03/10/2019	Tackling Compulsory Land Acquisition and HAD Late Delivery Case

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 2019 were adequate.

2020 Training Needs of the Directors

During the Applicable Period, the NC has conducted a review of the training needs of the Directors for FYE 2020. Upon review, the NC would encourage the Directors to attend more than one (1) continuing education programme in year 2020, whereby it should be in relation to the corporate governance, sustainability, or any other applicable topics which would aid in their discharge of fiduciary/ statutory duties as Directors.

- **RC**

The membership of the RC and summary of the works carried out by the RC to discharge their duties during the FYE 2019 are stated in Principle A, Section II Paragraph (9) of this CG Statement.

- **AC**

The membership, a summary of the activities of the AC and Internal Audit Function and Activities in respect of the FYE 2019 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

II. BOARD COMPOSITION *cont'd*

5. Board Committees *cont'd*

- **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	ED
Goh Chee Hong	Member	Finance Manager
Ho Siew Lan	Member	Human Resource Manager

The duties that discharged by SIS Option Committee during FYE 2019 were as follows:-

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

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.

In FYE 2019, 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 2018:-

- (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 2019, 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 2019, the NC is satisfied with the performance of the individual Directors for FYE 2018.

- (ii) Evaluation on the effectiveness of the Board and Board 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 2019, for the NC's review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

II. BOARD COMPOSITION *cont'd*

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

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

In conducting the evaluation, the NC had assessed the performance and effectiveness of the Board and Board 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 2018, and acknowledged that the Board of Directors and Board Committees have discharged their duties according to their respective Board Charter and Terms of Reference.

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 2019.

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
- Datuk Md. Hassim Bin Pardi
- Mr. Ewe

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 and free from management. The Board is of the view that the current composition of Independent Directors fairly reflects the interest of minority shareholders in the Company through the Board representation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

II. BOARD COMPOSITION *cont'd*

8. Assessment on Retiring Directors

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

During FYE 2019, the NC had conducted assessment on Mr. Roy Thean and Datuk Md. Hassim Bin Pardi (“**Retiring Directors**”) who shall retire at the 21st AGM of the Company of the Company held in 2019 pursuant to Article 67 of the Articles of Association, 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 ED*)
- 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 21st AGM. Both the Retiring Directors have been re-elected by the shareholders at the 21st AGM held in 2019.

9. Remuneration Committee

The members of the RC are 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 preceding RC Meeting.
- (ii) Deliberated on the remuneration package of the Executive Directors for FYE 2019 and recommended the same to the Board for approval.
- (iii) Reviewed the Directors’ fees payable to the Directors of the company for the FYE 2019 and recommended the same for the Board for consideration.
- (iv) Reviewed the benefits payable to the Directors of the Company for the period from 22 May 2019 until the next AGM of the Company to be held in year 2020 and recommended the estimated quantum to the Board for consideration.
- (v) Reviewed the Directors’ and Senior Management’s Remuneration Policy.
- (vi) Reviewed the remuneration package of the top five (5) senior management of the Group for FYE 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

II. BOARD COMPOSITION *cont'd*

10. Directors' and Senior Management's Remuneration Policy

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

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

The Directors' and Senior Management's Remuneration Policy was last reviewed in February 2019.

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.

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.

For the FYE 2019, the aggregate of remuneration received and receivable by the EDs and Non-Executive Directors of the Company and the Group categorised into appropriate components are as follows:-

Received from the Company

Name of Director	Salaries RM	Fees RM	Benefits-in-kind RM	Others RM	Total RM
Executive Directors					
Datin Stacey Tan Siew Ching	-	-	-	-	-
Dato' Ng Meow Giak	-	-	-	-	-
Total	-	-	-	-	-
Non-Executive Directors					
Datuk Hassim Bin Pardi	-	36,000	-	8,000	44,000
Ewe Chuan Seng	-	36,000	-	7,500	43,500
Roy Thean Chong Yew	-	43,200	-	8,000	51,200
Total	-	115,200	-	23,500	138,700

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*

Received on Group Basis

Name of Director	Salaries RM	Fees RM	Benefits-in-kind RM	Others RM	Total RM
Executive Directors					
Datin Stacey Tan Siew Ching	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	-	8,000	44,000
Ewe Chuan Seng	-	36,000	-	7,500	43,500
Roy Thean Chong Yew	-	43,200	-	8,000	51,200
Total	-	115,200	-	23,500	138,700

Note: Salary includes bonus and EPF

12. Remuneration of top five (5) senior management

The top five (5) senior management includes two (2) EDs 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 opined 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 duties 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 2019, reviewed and assessed the remuneration package of the top five (5) senior management in respect of the FYE 2019.

The RC is of the view that the level of remuneration package of the top five (5) senior managements in respect of FYE 2019 is fair and reasonable to retain and reward the talents and is competitive in the relevant market and industry.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

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, 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.

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

In compliance with Practice 8.2 of the MCCG, the Terms of Reference of the AC has formalised the policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC.

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.

The Board of Directors has adopted the Policies and Procedures to assess the suitability, objectivity and independence of the external auditors of the Company in February 2019.

During FYE 2019, 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 reserved by the Disciplinary Board of MIA;
- The external auditors firm has the geographical coverage required to audit the Group;
- The external auditors firm advises the AC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis;
- The external auditors firm consistently meets the deadlines set by the Group;
- The level of quality control procedures in the external audit firm, including the audit review procedures; and
- The external auditors' scope is adequate to cover the key financial and operational risks of the Group.

For "**objectivity**" assessment:-

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

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*

During FYE 2019, the AC had carried out the annual assessment and in its assessment, the AC considered, inter alia, the following factors:- *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 2019, Messrs. Russell Bedford LC & Company, the external auditors of the Company had 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 in accordance with the terms of relevant professional and regulatory requirements, for the purpose of the audits.

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

4. Skillsets of AC

The AC conducts evaluation annually to assess the performance and skillsets of the AC members.

During FYE 2019, the AC members had completed the assessment on individual basis and the results were compiled by the company secretaries and tabled for the NC's review.

Based on the results of the assessment, the NC concluded that 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 members of the AC had 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

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 for the Group. 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 on Risk Management and Internal Control** of this Annual Report.

During FYE 2019, the internal control function was assumed and overseen by the AC and the risk management function was overseen by the RMC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

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

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

Risk Management

RMC

The RMC was formed by the Board to oversee the Company's risk management framework, function and policies.

In adopting the Step-Up Practice 9.3 of the MCCG, the composition of RMC comprises a majority of Independent Directors.

RMWG

The 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 RMWG reports directly to RMC.

In FYE 2019, the risk profiles covering risk assessment, classification and risk ranking followed by action plans taken to mitigate the risks identified were presented to the RMC for review in the RMC meetings. The RMWG and RMC met twice in FYE 2019.

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.

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

Internal Controls

The internal controls were tested for effectiveness and efficiency four (4) cycles during FYE 2019 by an independent outsourced internal audit service provider using a systematic and disciplined approach as laid out in Standard 2110, 2120 and 2130 respectively. The report of the internal audit was tabled for the AC's review and deliberations, and the audit findings will then be communicated to the Board.

During FYE 2019, 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.

3. Internal Audit Function

The internal audit function of the Group is carried out by an outsourced service provider, NGL Tricor Governance 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

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

3. Internal Audit Function *cont'd*

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 2019, the AC had reviewed and assessed the adequacy of the scope, functions, competency and resources of the internal audit function in respect of FYE 2018.

The AC had assessed the performance of the outsourced internal auditors, Morison AAC Corporate Solutions Sdn. Bhd. in respect of FYE 2018 and had recommended to the Board for a change of internal auditors for FYE 2019.

Upon the recommendation of the AC, the Board had appointed NGL Tricor Governance Sdn. Bhd. to carry out the internal audit function for the FYE 2019.

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

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) ED

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

I. COMMUNICATION WITH STAKEHOLDERS *cont'd*

1. Communication with Stakeholders *cont'd*

The Board 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.

(b) **Annual Reports**

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

(c) **AGM/General Meetings**

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

(d) **Corporate Website**

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

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.

(e) **Investor Relations activities**

A summary of IR activities conducted for the Applicable Period is listed below for information:-

Date	Topic of IR activities	Type of IR activities	Audience
17/11/2019	Sempena Program Karnival 3R (Reduce, Reuse, Recycle) Sempena Hari Kitar Semula Kebangsaan Untuk Majlis Bandaraya Shah Alam	Public Event	Public
25/02/2020	JAG Berhad Successfully Turnaround Q4FY2019	Press Release	Public

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

II. CONDUCT OF GENERAL MEETINGS

(a) Notice of AGM

The Notice of the 21st AGM held in 2019 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 21st AGM, the Company took extra steps to also include explanatory notes to the ordinary business of the 21st AGM, facilitating full understanding and evaluation of issues involved in the proposed resolutions.

(b) Directors' Commitment

There were two (2) general meetings held in 2019, i.e. 21st AGM and Extraordinary General Meeting ("EGM").

21st AGM

All the Directors were present at the 21st AGM of the Company held on 21 May 2019, 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 in relation to the Company's financial statements and other items for adoption at the AGM, before putting resolution to vote.

EGM

Except Mr. Ewe Chuan Seng for his absence due to unscheduled court hearing on the same day, all remaining Directors were present at the EGM of the Company held on 25 July 2019.

The Board ensured that sufficient opportunities were given to shareholders to raise issues relating to the resolution to be put for voting and 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 21st AGM held last year, the resolutions tabled at the 21st 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:-

- Availability of technology and infrastructure;
- Affordability of the technology and infrastructure;
- Sufficient number of shareholders residing/locating at particular remote location(s); and
- Age profiles of the shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

KEY CG FUTURE PRIORITIES FOR FINANCIAL YEAR ENDING 31 DECEMBER 2020

(1) Anti-corruption and Whistleblowing Practices

In line with global trends in anti-corruption legislations, amendments to the Malaysian Anti-Corruption Commission Act 2009 (“**MACC 2009**”) have been passed by the Parliament on 26 March 2018, which were then gazetted as the MACC (Amendment) Act 2018. This Act, which will come into force on 1 June 2020, introduces the new concept of corporate liability for corruption in Malaysia.

The Board noted that the Guidelines on Adequate Procedures issued by the Prime Minister’s Department in December 2018 pursuant to Section 17A(5) of the MACC 2009 (“**Guidelines**”) for commercial organisations (which include JAG) in minimising/ preventing the occurrence of corrupt practices.

Stand guided by the five principles as illustrated in the Guidelines, the Board would be taking steps and actions to prevent/minimise the occurrence of corrupt practices:-

- Top Level Commitment;
- Risk Assessment;
- Undertake Control Measures,
- Systematic Review, Monitoring and Assessment; and
- Training and Communication.

(2) Outbreak of Coronavirus Disease (“Covid-19”) Pandemic

(a) Business-As-Usual

Following the outbreak of Covid-19 pandemic, the growing number of infection and death reported in Malaysia resulted in the Government imposing movement control order (“**MCO**”) nationwide. The Company had since suspended the business activities of the Group, which affected the production output of TWM Division. Management is hopeful that the gradual lifting of the lockdown conditions in Malaysia would ease the difficulties of production losses. The Board’s immediate future priority for FYE 2020 would be to ensure Management could salvage the lost production time due to the lockdowns, in order to achieve the “business-as-usual” status and lessen the financial impact to the Company for FYE 2020.

(b) To instil risk awareness and good conduct conscious within the Group

The Covid-19 pandemic has resulted in the Government imposing the “*Stay-at-Home*” measure in order to flatten the pandemic curve. As a future priority for FYE 2020, the Board would take the opportunity to urge the Management to instil risk awareness and ensure Management comply with the relevant preventive measures mandated by the regulatory authorities, as well as to maintain good corporate conduct, in particular, the corporate obligations to maintain a safe and high level workplace hygiene as well as to provide the necessary peripherals such as face masks, gloves, social distancing working arrangement and constant communications to the staff of the Group, in order to maintain good conduct and personal hygiene.

CONCLUSION

The Board is satisfied that, it complies substantially with the Practices of the MCCG throughout FYE 2019.

This CG Overview Statement and the CG Report are made in accordance with the resolution passed by the Board of Directors on 28 May 2020.

SUSTAINABILITY STATEMENT

SUSTAINABILITY AND OUR BUSINESS

JAG recognises the importance of sustainability as one of the key-drivers 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 2019 is mainly for our core subsidiary, JMI, given that this business unit contributes approximately 96.4% to the Group's revenue in FYE 2019.

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 has identified three (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 has undertaken the following commitments 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 RBA Code of Conduct is to ensure that the working conditions in the electronic industries and its total supply chains are safe, worker are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically; and
- On-going of Research and Developments to obtain know-how.

On the other hand, the Management acknowledged that in order to achieve economical sustainable, the Group must diversify the operations to various industries to reduce the reliance on TWM division. As at present, the Group has diversified to industries such as property development, property investment and coin-operated laundry businesses.

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 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 environmentally 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.

Besides, 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 2019, the Group through its subsidiary, JMI, in TWM division, participated in campaign organised by Majlis Bandaraya Shah Alam, namely Sempena Program Karnival 3R (Reduce, Reuse, Recycle) in lieu with National Recycling Day on 17 November 2019, located in Dewan Beringin, Shah Alam with the objective to increase public awareness and interest of e-waste recycling.



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.

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 2019, thirty (30) training programmes had been carried out both internally and externally to the targeted employee groups consisting of Administrative Department, Operation Department, as well as the Management.

SUSTAINABILITY STATEMENT

CONT'D

SOCIAL AND WORKPLACE RESPONSIBILITY AND SUSTAINABILITY *cont'd*

WORKPLACE RESPONSIBILITY AND SUSTAINABILITY *cont'd*

B. Workplace Diversity

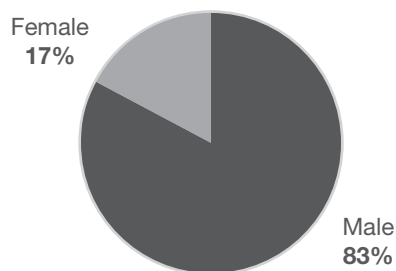
The Group embraces diversity at workplace and does not allow room for any form of discrimination practice against people of different genders, ages, ethnicities, nationalities or marital status.

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 83:17 in the workforce of the Group in terms of Male:Female.

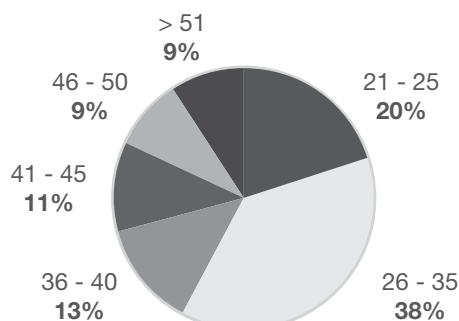
Workforce in term of Gender in JAG Group



Age diversity

As at the LPD, 38% of our employees belong to the age group of between 26 to 35 with the next largest age group being those aged between 21 to 25 (20%). 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



SUSTAINABILITY STATEMENT

CONT'D

SOCIAL AND WORKPLACE RESPONSIBILITY AND SUSTAINABILITY *cont'd*

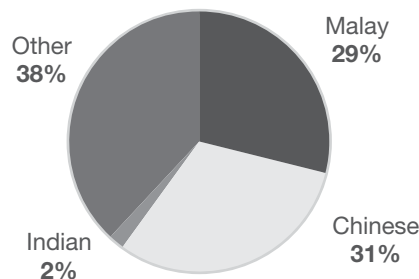
WORKPLACE RESPONSIBILITY AND SUSTAINABILITY *cont'd*

B. Workplace Diversity *cont'd*

Ethnicity diversity

As at the LPD, local employees of Chinese and Malay ethnicities constituted the largest workforce of the Group at 31% and 29% respectively, with the Non-Malaysian ethnicity employees being the next largest workforce at 38%, 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



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 2019, two (2) fire and safety drills were conducted.

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 hospitalisation and outpatient 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.

SUSTAINABILITY STATEMENT

CONT'D

SOCIAL AND WORKPLACE RESPONSIBILITY AND SUSTAINABILITY *cont'd*

WORKPLACE RESPONSIBILITY AND SUSTAINABILITY *cont'd*

D. Employees' well-being *cont'd*

In addition, the Group had organised a Christmas and New Year dinner in December 2019 as appreciation to staff's hardwork and contribution to the Group. Furthermore, the Group also rewarded staff's with best attendance award during the events.



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

(A) Private Placement 2018

The Company had on 11 October 2018 announced a private placement of 137,793,700 new ordinary shares (“**Placement Shares**”) (“**Private Placement 2018**”) for a total cash consideration of RM7,647,550/-.

Subsequently on 15 November 2019, the Company had made an announcement in relation to variation of utilisation of proceeds arising from the Private Placement 2018.

As of LPD, the status of utilisation of proceeds is as follows:-

	Status of utilisation	Proposed utilised RM'000	Amount utilised RM'000	Amount unutilised RM'000
Property development expenditure	Partially	3,782	2,996	786
Property development expenditure (*new project)	Partially	3,266	1,374	1,892
Working capital	Partially	360	194	166
Estimated expenses in relation to the Private Placements	Fully	240	240	-
Total		7,648	4,804	2,844

* Upcoming development project in Kemuning Utama's land

(B) Private Placement 2019

The Company had at an Extraordinary General Meeting held on 25 July 2019 obtained a mandate for private placement of up to 411,932,000 new ordinary shares in the Company representing up to 20% of the total issued shares of the Company (“**Private Placement 2019**”).

The Company had on the following dates announced on the completion of first and second tranches of the Private Placement 2019:-

Date of Announcement	No. of Placement Shares	Issue Price per Share (RM)	Gross Proceeds Raised (RM)
13 December 2019	196,125,000	0.031	6,079,875
30 December 2019	106,750,000	0.032	3,416,000
Total			9,495,875

ADDITIONAL COMPLIANCE INFORMATION

CONT'D

1. Utilisation of Proceeds *cont'd*

(B) Private Placement 2019 *cont'd*

As of LPD, the status of utilisation of proceeds is as follows:-

	Status of utilisation	Proposed utilised RM'000	Amount utilised RM'000	Amount unutilised RM'000
Property development cost	Partially	2,000	-	2,000
Purchase of machinery	Partially	3,870	2,993	877
Working capital	Fully	3,366	3,366	-
Estimated expenses in relation to the Private Placement 2019	Fully	260	260	-
Total		9,496	6,619	2,877

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 2019, 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 2019	40,000	124,980
Non-audit services rendered		
Tax fees in respect of FYE 2019	4,500	33,900
Review of the Statement on Risk Management and Internal Control for Annual Report 2019	5,000	5,000
Total	49,500	163,880

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.

ADDITIONAL COMPLIANCE INFORMATION

CONT'D

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 2019, 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 2019, 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 2019, 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 comprises solely Independent Directors.

The current composition of the Audit Committee is as follows:-

Name	Designation	Directorship
Roy Thean Chong Yew	Chairman	Independent Non-Executive Director
Ewe Chuan Seng	Member	Senior Independent Non-Executive Director
Datuk Md. Hassim Bin Pardi	Member	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 19 February 2020, 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 2019.

Upon review, the Nomination Committee is satisfied with the overall performance of the Audit Committee and its individual members for FYE 2019. The Nomination Committee had reported the outcome of assessment to the Board of Directors ("**Board**") for notation.

Formal assessment on the External Auditors

In compliance with Practice 8.3 of the MCGG, the Audit Committee has adopted the policies and procedures to assess the suitability, objectivity and independence of the external auditors ("**the EA Policy**") on annual basis. The EA Policy serves as a guidance for the Audit Committee when making recommendation to the Board on whether to seek shareholders' approval at next AGM for the re-appointment of external auditors for the ensuing year.

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

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

The EA Policy also spells out the approval process for the non-audit services rendered by the external auditors or its affiliates, together with the necessary measures to ensure that the objectivity and independence of the external auditors is not impaired.

AUDIT COMMITTEE REPORT

CONT'D

COMPOSITION *cont'd*

Formal assessment on the External Auditors *cont'd*

Upon assessment, the Audit Committee is satisfied with Messrs. Russell Bedford LC & Company's technical competency, i.e. effectiveness, suitability and independence during the financial year under review and has recommended to the Board for the re-appointment of Messrs. Russell Bedford LC & Company as the external auditors of the Company for FYE 2020. The Board, thereafter, has recommended the same for shareholders' approval at the forthcoming 22nd AGM of the Company.

MEETINGS AND ATTENDANCES

The Audit Committee held a total of five (5) meetings during the FYE 2019 and the attendance of the members during the financial year under review 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
Mr. Ewe Chuan Seng	5	5	100.00
Datuk Md. Hassim Bin Pardi	5	5	100.00

The lead audit partner of the external auditors responsible for the Group had attended three (3) Audit Committee Meetings held in FYE 2019.

The external auditors were encouraged to raise to the Audit Committee, any matters they considered important to bring to the Audit Committee's attention. For FYE 2019, 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 members of Audit Committee at least seven (7) days in advance. Upon that, the Company Secretaries would then compile the relevant meeting papers for dissemination to the members of Audit Committee by email and/or hand.

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

The Chairman of the Audit Committee presented the Audit Committee's recommendations together with the respective rationale to the Board for approval of the annual audited financial statements and the unaudited quarterly financial results. As and when necessary, the Chairman of the Audit Committee would convey to the Board, matters of significant concern raised by the internal and 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 on 23 February 2018, which is in line with the ACE LR and MCCG.

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

AUDIT COMMITTEE REPORT

CONT'D

SUMMARY OF WORKS

During the FYE 2019, the summary of works carried out by the Audit Committee were as follows:-

1. Overview of Financial Performance and Reporting

- Reviewed the unaudited quarterly financial results for the quarters ended 31 December 2018, 31 March 2019, 30 June 2019 and 30 September 2019 and recommended the same for the Board's approval.
- Reviewed the annual budget of the Group for FYE 2019 and deliberated on the underlying assumptions made by the Management 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 FYE 2018 and recommended the same for the Board's approval.
- Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.
- 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 FYE 2018, covering matters to highlight, key audit matters and significant outstanding information/documents from the audit field works.
- Reviewed the Audit Planning Memorandum for the FYE 2019 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 2019, including any significant issues and concerns arising from the audit.
- Reviewed the statutory audit fees for FYE 2019 and recommended the same for the Board's approval.

3. Oversight of Internal Audit Function

- Reviewed the Internal Audit Plan for the Group for FYE 2019 and approved for adoption of the same by the Group throughout FYE 2019.
- Reviewed the Internal Audit Reports for the FYE 2018 and FYE 2019 and assessed the internal auditors' findings and the management's responses and made the necessary recommendations to the Board for approval.
- Reviewed and assessed the adequacy of the scope, functions, competency and resources of the internal audit function in respect of FYE 2018.

AUDIT COMMITTEE REPORT

CONT'D

SUMMARY OF WORKS *cont'd*

3. Oversight of Internal Audit Function *cont'd*

- Reviewed and assessed the performance of the outsourced internal auditors, Morison AAC Corporate Solutions Sdn. Bhd. for FYE 2018. Upon review, the performance was found unsatisfactory and had recommended to the Board for the change of internal auditors for FYE 2019.
- Identified several outsourced service providers for provision of internal audit services for the Group for FYE 2019 and reviewed their profiles and proposal. Thereafter, recommended to the Board for appointment of NGL Tricor Governance Sdn. Bhd. ("**NGL Tricor**") as the outsourced internal auditors of the Group for FYE 2019.

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 for inclusion in the Annual Report 2018.
- Recommended to the Board for adoption of the Whistleblowing Policy, which is to be in line with Practice 3.2 of the MCCG.
- Recommended the Policies and Procedures to assess the suitability, objectivity and independence of the External Auditors to be in line with Practice 8.3 of the MCCG to the Board for adoption.

5. Oversight of Share Issuance Scheme ("SIS")

- Reviewed the summary of allocation of options pursuant to SIS on quarterly basis.
- At the end of the financial year, verified that there was no allocation of options pursuant to the SIS throughout FYE 2019 as being in compliance with the criteria disclosed to the employees.

6. 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.

The Board further noted that with the formation of an independent Risk Management Committee ("**RMC**"), the RMC has assumed the oversight of risk management function of the Group from the Audit Committee for FYE 2019.

INTERNAL AUDIT FUNCTION

(1) Internal Auditors

The internal audit function plays an important role 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.

Upon recommendation of the Audit Committee, the Board had resolved to appoint NGL Tricor as the internal auditors of the Group for FYE 2019, in replacement of Morison AAC Corporate Solutions Sdn. Bhd.

AUDIT COMMITTEE REPORT

CONT'D

INTERNAL AUDIT FUNCTION *cont'd*

(1) Internal Auditors *cont'd*

For FYE 2019, the engagement team personnel from NGL Tricor 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 2019

During FYE 2019, 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 the Management in the quarterly Audit Committee Meetings.

For FYE 2019, the following areas of the Group have been successfully audited by NGL Tricor in accordance with the risk-based audit plan adopted:-

Name of Audited Subsidiary	Audit Area/Function	Tabling of Internal Audit Report
JMI	Review of processes of:- <ul style="list-style-type: none"> • Renewal of licensing process • Renewal of licensing process various laws and regulations • Safeguarding of assets 	Second Quarter of 2019
JMI	Adequacy testing for the following processes:- <ul style="list-style-type: none"> • Production planning • Monitoring of production activities • Monitoring of Key Performance Indicators performance • Production waste management 	Third Quarter of 2019
JAG Berhad and its subsidiaries	Review of internal control system covers the following processes:- <ul style="list-style-type: none"> • Recruitment and selection • Resignation and clearance • Industrial relation • Benefits and compensation (i.e. compliance of Employment Act 1955) 	Fourth Quarter of 2019
JMI	Review of processes of:- <ul style="list-style-type: none"> • Quality Assurance ("QA")/Quality Control ("QC") Inspection Process (Incoming, Work In-progress and Outgoing) • Maintenance of QA/QC Inspection Equipment • Pollution Management • Defect Return Management 	First Quarter of 2020
	Follow-up on Previous Internal Audit Findings:- <ul style="list-style-type: none"> • Internal Control Review of Licensing Management 	

AUDIT COMMITTEE REPORT

CONT'D

INTERNAL AUDIT FUNCTION *cont'd*

(3) Total costs incurred for FYE 2019

The total cost incurred for the outsourced internal audit function of the Group for the FYE 2019 is amounted to RM32,400/- (2018: RM36,000/-).

This Audit Committee Report is made in accordance with the Resolution passed by the Board of Directors on 28 May 2020.

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 MCCG as well as the Guidelines for Directors of Public Listed Issuers – Statement on Risk Management and Internal Control.

The following statements outline the scope and nature of internal control system and risk management framework for the FYE 2019.

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 2019, 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 MCCG, where the Board establishes a RMC, which comprises a majority of Independent Directors, to oversee the company's risk management framework and policies.

The composition of the RMC is as follows:-

Name	Designation	Directorate/Position
Mr. Roy Thean Chong Yew	Chairman	INED
Datin Stacey 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

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.

The RMC held two (2) meetings during the FYE 2019.

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 Working Group ("RMWG")

The RMWG was established since the third quarter of financial year ended 31 December 2015 with the functions 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 RMWG reports directly to the RMC.

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.

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. Ho Siew Lan	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 Capital Equity 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.

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 RMC 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.

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

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*

The Risk Register *cont'd*

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

The Risk Register was tabled to the RMC for review by the Chair of RMWG at the RMC meetings.

C. RISK MANAGEMENT ACTIVITIES DURING FYE 2019

During the FYE 2019, the summary of activities carried out by the RMWG and RMC in respect of Risk Management is as follows:-

- The RMWG held one (1) meeting in FYE 2019 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 and updated the Risk Register of the Group to ensure relevance to the Group.
- The RMC met the RMWG twice to deliberate updates of the development of risk matters of the Group, as well as new risk identified arising from introduction of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018.
- The RMC reviewed the Risk Register of the Group and suggested enhancement to be made to the Risk Register in due course.

KEY COMPONENTS OF THE INTERNAL CONTROLS

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

The Board acknowledges the importance of the internal audit function. The Group internal audit function is outsourced to a professional service firm to provide the AC with an independent assessment on the adequacy and effectiveness of the Group's system of internal controls. During the FYE 2019, the AC had recommended to the Board for a change of internal auditors, from Morison AAC Corporate Solutions Sdn. Bhd. ("**Morison**") to NGL Tricor Governance Sdn. Bhd. ("**NGL Tricor**").

The Internal Audit function performs internal audit reviews in accordance with the recognised framework – International Professional Practices Framework issued by the Institute of Internal Auditors. The audit plan is reviewed and approved by the AC during the AC meeting. The Internal Audit function checks for compliance with policies and procedures and the effectiveness of the internal control system, and highlights significant findings of non-compliances and internal control weaknesses, if any in the scheduled Audit Committee meetings. Further details of the functions and activities of the Internal Audit function are set out in the Audit Committee Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

KEY COMPONENTS OF THE INTERNAL CONTROLS *cont'd*

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 2019 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.

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 of Directors on 28 May 2020.

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 28 May 2020.

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 2019.

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 15 to the financial statements.

Financial results

	Group RM	Company RM
Net loss for the financial year attributable to:		
Owners of the Company	11,905,747	18,986,342
Non controlling interest	23,281	-
	11,929,028	18,986,342

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

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also 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.

Issue of shares and debentures

During the financial year, the Company increased its issued and paid up capital from RM148,109,820 to RM157,498,215 by way of private placement of 302,875,000 new ordinary shares for cash to eligible investors for the purposes of increasing the working capital of the subsidiaries. The tranches of the private placement issued are as follows:

- (i) 106,750,000 new ordinary shares at an issue price of RM0.032 per share; and
- (ii) 196,125,000 new ordinary shares at an issue price of RM0.031 per 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.

DIRECTORS' REPORT

CONT'D

Treasury shares

There were no shares being repurchased by the Company during the financial year.

As at 31 December 2019, the Company held a total of 1,000,000 treasury shares of its 1,818,606,107 issued ordinary shares. The treasury shares are held at carrying amount of RM100,000. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016.

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 its 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 31.12.2019 '000
	Balance at 1.1.2019 '000	Exercised '000	Expired '000	
	Number of unexercised warrants			
Warrants 2014/2019	317,365	-	(317,365)	-
Warrants 2017/2020	194,765	-	-	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.

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 during the financial year are as follows:

Offer Date	Number of options over ordinary shares			Balance at 31.12.2019 '000
	Balance at 1.1.2019 '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' REPORT

CONT'D

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:

	Number of ordinary shares			Balance as at 31.12.2019
	Balance as at 1.1.2019	Bought	Sold	
Shareholdings registered in the name of directors:				
Datin Tan Siew Ching	54,443,989	-	-	54,443,989
Datuk Md Hassim bin Pardi	-	-	-	-
Dato' Ng Meow Giak	183,177,366	-	(6,500,000)	176,677,366
Roy Thean Chong Yew	-	-	-	-
Ewe Chuan Seng	-	-	-	-

	Number of options over ordinary shares			Balance as at 31.12.2019
	Balance as at 1.1.2019	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 31.12.2019
	Balance as at 1.1.2019	Bought	Lapsed	
Warrants registered in the name of directors:				
Datin Tan Siew Ching	11	-	(11)	-
Datuk Md Hassim bin Pardi	-	-	-	-
Dato' Ng Meow Giak	-	-	-	-
Roy Thean Chong Yew	-	-	-	-
Ewe Chuan Seng	-	-	-	-

DIRECTORS' REPORT

CONT'D

Directors' interests in shares *cont'd*

	Number of Warrants 2017/2020 over ordinary shares			
	Balance as at 1.1.2019	Bought	Sold	
Warrants registered in the name of directors:				
Datin Tan Siew Ching	7,777,712	-	-	7,777,712
Datuk Md Hassim bin Pardi	-	-	-	-
Dato' Ng Meow Giak	26,168,192	-	-	26,168,192
Roy Thean Chong Yew	-	-	-	-
Ewe Chuan Seng	-	-	-	-

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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.

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: 12 May 2020

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 2019, 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 YEOW

Kuala Lumpur
Dated: 12 May 2020

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)
12 May 2020)

KEK BENG SOON

Before me,

MOHAN A.S. MANIAM (No.W710)
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 2019, 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 2019, 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 manufacturing inventories

As described in Note 2.2.2 and Note 16 in the financial statements, the Group carries manufacturing and trading inventories at the lower of cost and net realisable value. As at 31 December 2019, the Group held manufacturing and trading inventories of RM50,272,950 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 manufacturing inventories *cont'd*

How the matter was addressed in the audit

For the valuation of manufacturing and trading 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.

1.3.2 Impairment of investment property

As disclosed in Note 13 to the financial statements, management has performed an impairment review during the reporting period on its investment property and an impairment loss of RM4,005,279 was recognised to write down the investment property to its recoverable amount of RM15,440,000. The recoverable amount is based on the fair value less costs of disposal of the investment property which is determined by way of valuation carried out by an independent firm of professional valuers. Significant judgements are involved in determining the fair value less costs of disposal by using the chosen valuation technique and applying the assumptions as disclosed in Note 35.2 to the financial statements.

How the matter was addressed in the audit

Our audit procedures focused on the valuation performed by the firm of professional valuers, which included amongst others, the following:

- considered the professional competency, capability, objectivity and independence of the firm of professional valuers engaged by the Group;
- discussed with the independent professional valuer to obtain an understanding of the valuation techniques, key assumptions and input data used;
- assessed the appropriateness of the valuation technique and the key assumptions used based on our knowledge of the property industry.

We found the valuation technique used to be appropriate and assumptions applied were supported by available evidence.

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.

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*

1.4 Other information *cont'd*

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.

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.

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*

- 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.

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: 12 May 2020

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Revenue	4	139,517,034	154,410,378	-	558,500
Other operating income		1,105,252	1,168,671	-	1,400,000
Direct costs		(1,667,307)	(1,618,009)	-	-
Changes in inventories of finished goods and work in progress		8,967,196	2,785,195	-	-
Raw materials and consumables used		(112,014,068)	(123,330,192)	-	-
Changes in inventories of trading merchandise		(3,626,623)	(1,899,200)	-	-
Staff costs	5	(13,409,658)	(11,219,786)	(342,379)	(334,288)
Depreciation and amortisation		(6,607,964)	(4,624,151)	-	-
Net allowance for expected credit loss of receivables		(449,171)	585,971	(16,236,562)	-
Other operating expenses		(21,620,594)	(13,016,221)	(2,426,118)	(357,654)
(Loss)/Profit from operations	6	(9,805,903)	3,242,656	(19,005,059)	1,266,558
Finance income	7	214,526	394,324	21,354	27,655
Finance costs	8	(1,379,758)	(1,041,590)	-	-
Net finance (costs)/income		(1,165,232)	(647,266)	21,354	27,655
(Loss)/Profit before tax		(10,971,135)	2,595,390	(18,983,705)	1,294,213
Income tax expense	9	(957,893)	(837,692)	(2,637)	-
Net (loss)/profit/Total comprehensive (loss)/ income for the year		(11,929,028)	1,757,698	(18,986,342)	1,294,213
Net (loss)/profit/Total comprehensive (loss)/ income attributable to:					
Owners of the Company		(11,905,747)	1,694,762	(18,986,342)	1,294,213
Non controlling interest		(23,281)	62,936	-	-
		(11,929,028)	1,757,698	(18,986,342)	1,294,213
Basic (loss)/earnings per share (sen)	10.1	(0.78)	0.12		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Non current assets					
Property, plant and equipment	11	79,111,035	83,385,131	-	9
Right of use assets	12	7,664,054	-	-	-
Investment property	13	15,440,000	-	-	-
Intangible assets	14	102,232	103,056	-	-
Investment in subsidiaries	15	-	-	97,364,884	98,114,884
Inventories	16	15,726,328	-	-	-
Other investments	17	-	-	-	-
Other receivables	19	-	-	20,900,000	31,900,000
		118,043,649	83,488,187	118,264,884	130,014,893
Current assets					
Inventories	16	50,272,950	65,999,003	-	-
Trade receivables	18	6,609,624	9,095,128	-	-
Other receivables, deposits and prepayments	19	3,001,818	7,751,830	31,575,265	29,345,975
Tax recoverable		54,064	241,734	7,500	4,000
Other investments	17	9,404,386	7,038,199	-	-
Derivative assets	20	12,007	-	-	-
Fixed deposits with licensed banks	21	5,248,275	6,305,817	374,981	363,727
Cash and bank balances		8,874,863	9,167,393	473,416	279,255
		83,477,987	105,599,104	32,431,162	29,992,957
Total assets		201,521,636	189,087,291	150,696,046	160,007,850

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

CONT'D

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Equity					
Share capital	22	166,639,075	148,109,820	166,639,075	148,109,820
Reserves	23	(14,932,820)	6,113,787	(16,324,803)	11,802,399
Equity attributable to owners of the Company		151,706,255	154,223,607	150,314,272	159,912,219
Non-controlling interest		144,543	167,824	-	-
Total equity		151,850,798	154,391,431	150,314,272	159,912,219
Non current liabilities					
Lease liabilities	24	4,631,964	1,017,731	-	-
Deferred income	25	727,962	867,973	-	-
Borrowings	26	16,170,356	8,591,495	-	-
Provision	27	37,686	-	-	-
Deferred tax liabilities	28	3,721,436	3,600,436	-	-
		25,289,404	14,077,635	-	-
Current liabilities					
Trade payables	29	7,431,872	6,396,136	-	-
Other payables and accruals	30	7,869,270	5,755,245	381,774	95,631
Tax payable		306,755	-	-	-
Borrowings	26	6,933,236	8,023,074	-	-
Lease liabilities	24	1,840,301	443,770	-	-
		24,381,434	20,618,225	381,774	95,631
Total liabilities		49,670,838	34,695,860	381,774	95,631
Total equity and liabilities		201,521,636	189,087,291	150,696,046	160,007,850

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Group	Share capital	Share premium	Revaluation reserve	Reverse acquisition reserve	Share issuance scheme 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 2019	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
Transfer in accordance with Section 618 (2) of the Companies Act 2016	9,140,860	(9,140,860)	-	-	-	-	-	-	-	-
Transactions with owners										
Issue of shares pursuant to private placements	9,495,864	-	-	-	-	-	-	9,495,864	-	9,495,864
Share issue expenses	(107,469)	-	-	-	-	-	-	(107,469)	-	(107,469)
	9,388,395	-	-	-	-	-	-	9,388,395	-	9,388,395
Net loss/Total comprehensive loss for the year	-	-	-	-	-	-	(11,905,747)	(11,905,747)	(23,281)	(11,929,028)
At 31 December 2019	166,639,075	-	23,378,833	(72,050,600)	1,541,798	(100,000)	32,297,149	151,706,255	144,543	151,850,798

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

CONT'D

Group	Share capital RM	Share premium RM	Revaluation reserve RM	Reverse acquisition reserve RM	Share issuance scheme reserve RM	Treasury shares RM	Retained profits RM	Equity attributable to owners of the Company		Non-controlling interest RM	Total equity RM
								Company 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 statement.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019
CONT'D

Company	Share capital RM	Share premium RM	Share issuance scheme reserve RM	Treasury shares RM	Retained profits/ (Accumulated loss) RM	Total RM
At 1 January 2019	148,109,820	9,140,860	1,541,798	(100,000)	1,219,741	159,912,219
Transfer in accordance with Section 618 (2) of the Companies Act 2016	9,140,860	(9,140,860)	-	-	-	-
Transactions with owners:						
Issue of shares pursuant to private placements	9,495,864	-	-	-	-	9,495,864
Share issue expenses	(107,469)	-	-	-	-	(107,469)
	9,388,395	-	-	-	-	9,388,395
Net loss/Total comprehensive loss for the year			-	-	(18,986,342)	(18,986,342)
At 31 December 2019	166,639,075	-	1,541,798	(100,000)	(17,766,601)	150,314,272

Company	Share capital RM	Share premium RM	Share issuance scheme 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

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from/(used in) operating activities				
(Loss)/Profit before tax	(10,971,135)	2,595,390	(18,983,705)	1,294,213
Adjustments for:				
Allowance for impairment of receivables	820,523	59,767	16,236,562	-
Allowance for impairment of receivables no longer required	(371,352)	(645,738)	-	-
Amortisation of club memberships	824	824	-	-
Changes in fair value of				
- derivative financial instruments	(12,007)	-	-	-
- other investments	(240,175)	(330,471)	-	-
Depreciation	6,607,140	4,623,327	-	-
Dividend income	(247,217)	(98,200)	-	(1,400,000)
Gain on disposal of				
- other investments	(47,582)	-	-	-
- plant and equipment	(176,997)	(223,917)	-	-
Government grant income	(140,011)	(140,012)	-	-
Impairment losses on				
- investment property	4,005,279	-	-	-
- investment in subsidiaries	-	-	2,000,000	-
- plant and equipment	1,880,319	-	-	-
Interest expense	1,379,758	1,041,590	-	-
Interest income	(214,526)	(394,324)	(21,354)	(27,655)
Inventories written down	3,666,261	-	-	-
Plant and equipment written off	11,373	72,924	9	-
Unrealised loss on foreign exchange	387,613	418,953	-	-
Realised loss/(gain) on foreign exchange - cash and cash equivalents	4,900	(5,947)	-	-
Operating profit/(loss) before working capital changes	6,342,988	6,974,166	(768,488)	(133,442)
Increase in inventories	(21,279,989)	(493,012)	-	-
Decrease in derivative assets	-	321,350	-	-
Increase in other investments	(2,078,430)	(5,170,705)	-	-
Decrease in trade and other receivables	5,016,456	3,612,085	7,797	3,289
Increase/(Decrease) in trade and other payables	3,134,228	1,364,546	36,143	(52,861)
Cash (used in)/generated from operations	(8,864,747)	6,608,430	(724,548)	(183,014)
Income tax paid	(558,181)	(611,194)	(8,337)	(2,000)
Income tax refunded	215,713	758,532	2,200	-
Net cash (used in)/from operating activities	(9,207,215)	6,755,768	(730,685)	(185,014)

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

CONT'D

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from/(used in) investing activities				
Advances to subsidiaries	-	-	(8,473,649)	(9,623,902)
Additions to right of use assets	(349,885)	-	-	-
Subscription of shares in a new subsidiary	-	-	(250,000)	-
Deposits paid for				
- purchase of land held for development	-	(1,472,409)	-	-
- purchase of plant and equipment	(234,000)	-	-	-
Dividends received	247,217	98,200	-	1,400,000
Increase in fixed deposits pledged	(858,980)	(41,736)	-	-
Interest received	214,526	394,324	21,354	27,655
Proceeds from disposal of plant and equipment	177,000	248,000	-	-
Purchase of property, plant and equipment	(4,765,988)	(6,737,013)	-	-
Net cash used in investing activities	(5,570,110)	(7,510,634)	(8,702,295)	(8,196,247)
Cash flows from/(used in) financing activities				
Dividend paid	-	(1,376,914)	-	(1,376,914)
Interest paid	(1,739,175)	(1,041,590)	-	-
Advances from a subsidiary	-	-	250,000	-
Proceeds from issue of shares	9,495,864	7,648,576	9,495,864	7,648,576
Proceeds from term loan	10,467,830	-	-	-
Share issue expenses	(107,469)	(225,189)	(107,469)	(225,189)
Repayments of term loans	(1,382,125)	(1,123,160)	-	-
Repayments of lease liabilities	(1,565,070)	(274,147)	-	-
Net cash from financing activities	15,169,855	3,607,576	9,638,395	6,046,473
Net increase/(decrease) in cash and cash equivalents	392,530	2,852,710	205,415	(2,334,788)
Cash and cash equivalents at beginning of year	7,405,075	4,546,418	642,982	2,977,770
Effect of exchange differences	(4,900)	5,947	-	-
Cash and cash equivalents at end of year	7,792,705	7,405,075	848,397	642,982

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

CONT'D

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash and cash equivalents comprise:				
Cash and bank balances	8,874,863	9,167,393	473,416	279,255
Fixed deposits with licensed banks	5,248,275	6,305,817	374,981	363,727
Bank overdraft	(4,109,361)	(6,706,043)	-	-
	10,013,777	8,767,167	848,397	642,982
Less: Fixed deposits pledged	(2,221,072)	(1,362,092)	-	-
	7,792,705	7,405,075	848,397	642,982

Reconciliation of liabilities arising from financing activities - Group

	1.1.2019	Cash flows	Non-cash changes	31.12.2019
	RM	RM	RM	RM
Lease liabilities				
- hire purchase	1,461,501	(528,278)	520,000	1,453,223
- others	-	(1,036,792)	6,055,834	5,019,042
Term loans	9,908,526	9,085,705	-	18,994,231

	1.1.2018	Cash flows	Non-cash changes	31.12.2018
	RM	RM	RM	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

Reconciliation of liabilities arising from financing activities - Company

	1.1.2019	Cash flows	Non-cash changes	31.12.2019
	RM	RM	RM	RM
Amount due to a subsidiary	-	250,000	-	250,000

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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 12 May 2020.

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 16 Leases

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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 16 Leases *cont'd*

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 leases which is operating and finance leases.

The effect of adopting MFRS 16 is disclosed in Note 36.

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 applications other than the following:

i. IFRIC Tentative Agenda Decision – Over Time Transfer of Constructed Goods (effective for financial periods beginning on or after 1 July 2020)

The IFRS Interpretations Committee (“IFRIC”) received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 Borrowing Costs and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

- (a) Any receivable and contract asset that the entity recognises is not a qualifying asset; and
- (b) Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The Malaysian Accounting Standards Board announced on 20 March 2019 that an entity shall apply the change in accounting policies as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of making an assessment of the financial impact that may arise from the adoption of the agenda decision.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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*

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 Group'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.

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.

Revenue is recognised only when it is probably that the Group will collect the considerations to which it will be entitled to in exchange for the goods or services sold.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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:

	2019	2018
	RM	RM
Euro	4.591	4.728
Japanese Yen	-	0.037
Singapore Dollar	3.000	-
United States Dollar	4.093	4.136

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 2019

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.

Impairment of non financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

CONT'D

2. Principal accounting policies *cont'd*

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

2.2.2 Significant accounting policies *cont'd*

Impairment of non financial assets *cont'd*

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

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

Property, plant and equipment and depreciation

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

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

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

The Group adopted the revaluation method to measure its entire class of land and buildings. Freehold land and buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated depreciation and impairment losses, if any. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Freehold land and buildings are revalued at a regular interval of every five (5) years with additional valuations in the interval years where market conditions indicate that the carrying amounts of the revalued properties materially differ from the market value.

An increase arising from revaluation is recognised in other comprehensive income and accumulated in equity under revaluation reserve. Any decrease arising is first offset against the revaluation surplus on an earlier valuation in respect of the same property and thereafter charged to profit or loss.

A revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same property previously charged as an expense. Upon the disposal of revalued assets, the amounts in revaluation reserve relating to those assets are transferred directly to retained profits.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

*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***

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.

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs less accumulated impairment losses, if any.

No depreciation is provided on freehold land held as an investment property.

An investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the reporting period in which they arise.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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*

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

(a) Property development

Properties held for development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non current assets and is stated at the lower of cost and net realisable value.

Properties held for development is reclassified as current assets at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

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 realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses. These assets are subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

(b) Manufacturing and trading

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

*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*****Government grants**

Government grants related to assets are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Government grants that compensate the Group for the cost of an asset are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Leases***As a lessee*****(i) Right of use assets**

The Group recognises a right of use asset at the commencement date of the lease. The right of use asset is initially measured at cost. The cost of right of use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove or restore the leased asset, less any lease incentives received.

Subsequent to initial measurement, the right of use asset is depreciated on a straight line basis over the shorter of the lease term and the estimated useful life as follows:

Motor vehicles	5 years
Office premises	4 years
Outlets	2 – 8 years
Restoration costs	2 – 8 years

Right of use asset is subject to impairment and is adjusted for any remeasurement of lease liabilities.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the assessment of lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payments occurs. The present value of lease payments is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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 *cont'd*

As a lessee cont'd

(ii) Lease liabilities *cont'd*

The amount of lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and do not contain a purchase option, and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Provisions

A provision is recognised when a present legal or constructive obligation exists as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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*

Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Financial instruments

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instrument.

A financial instrument (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 2019

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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 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

The Group recognises an allowance for expected credit losses ("ECL") for financial assets at amortised cost.

ECL are generally 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 profit or loss.

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).

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 ECL at each reporting date. Where appropriate, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019
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 *cont'd*

Low credit risk

A financial instrument is determined to have low credit risk if:

- (a) the financial instrument has a low risk of default;
- (b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

Significant increase in credit risk

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.

Definition of default

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 90 days past due.

Credit impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable events:

- (a) Significant financial difficulties of the debtor;
- (b) A breach of contract, such as a default or past due event;
- (c) The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- (d) It becoming probable that the borrower will enter into bankruptcy or other financial reorganisations; or
- (e) Disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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 *cont'd*

Write off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Subsequent recoveries of a financial asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

CONT'D

3. Critical accounting estimates and judgments *cont'd*

Estimates and judgments are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, which are described above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the date of financial statements, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period other than as follows:

(a) Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. Changes in the expected level of use of the assets and the Group's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets. Therefore, future depreciation charges could be revised.

(b) Lease liabilities

For each lease arrangement, the Group make an assessment in determining the lease liabilities by taking into consideration of all facts and circumstances that create an economic benefit to exercise an extension or termination option at the end of lease term. This assessment is reviewed if there is a significant event or change in circumstances occur and the financial effect of revising lease terms to reflect the effect of exercising extension or termination options may be material.

(c) Impairment of non financial assets

The Group assesses impairment of investment property, and investment in subsidiaries when events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value (after taking into account the costs to sell) or the value in use of the relevant assets.

Significant variations to the assumptions and estimates used to determine future cash flows could result in changes to the assessment of the recoverability of these non financial assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

CONT'D

4. Revenue

4.1 Disaggregation of revenue

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Type of goods or services				
Management fees	-	-	-	558,500
Sale of manufactured goods	130,966,876	147,452,891	-	-
Proprietary solutions and software maintenance	554,887	571,241	-	-
Trading of goods	3,539,826	2,285,437	-	-
Trading of shares	659,566	382,714	-	-
Laundry services	3,795,879	3,718,095	-	-
	139,517,034	154,410,378	-	558,500
Timing of revenue recognition				
At a point in time	139,053,915	153,932,523	-	-
Over time	463,119	477,855	-	558,500
	139,517,034	154,410,378	-	558,500

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.

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4. Revenue *cont'd*

4.3 Transaction price allocated to the remaining performance obligations

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 Group 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 Group does not adjust any of the transaction prices for the time value of money.

5. Staff costs

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, wages, bonus and allowances	12,152,955	10,190,534	320,800	311,700
Defined contribution plan	921,200	826,963	18,240	18,240
Other employee related expenses	335,503	202,289	3,339	4,348
	<u>13,409,658</u>	<u>11,219,786</u>	<u>342,379</u>	<u>334,288</u>

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6. (Loss)/Profit from operations

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(Loss)/Profit from operations is arrived at after charging/(crediting):				
Auditors' remuneration				
- statutory audit				
- current year	124,980	125,000	40,000	40,000
- over provision in prior years	-	(1,000)	-	-
Changes in fair value of				
- derivative financial instruments	(12,007)	-	-	-
- other investments	(240,175)	(330,471)	-	-
Directors' remuneration				
- directors of the Company				
- fees	115,200	115,200	115,200	115,200
- others	1,044,940	1,041,940	23,500	20,500
- directors of a subsidiary				
- other than fees	1,008,000	900,000	-	-
Expenses relating to short term leases on premises	221,981	-	2,016	-
Expenses relating to leases of low value assets on equipment	197,796	-	-	-
Inventories written down	3,666,261	-	-	-
(Gain)/Loss on foreign exchange				
- realised	(172,944)	636,966	-	-
- unrealised	387,613	418,953	-	-
Operating lease expense				
- equipment	-	152,225	-	-
- premises	-	1,177,435	-	2,065
Operating lease income from premises	(33,000)	-	-	-
Plant and equipment written off	11,373	72,924	8	-
Gain on disposal of				
- other investments	(47,582)	-	-	-
- plant and equipment	(176,997)	(223,197)	-	-
Gain on hedging activities on commodity price	-	(365,065)	-	-
Dividend income from				
- other investments	(247,217)	(98,200)	-	-
- a subsidiary	-	-	-	(1,400,000)

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6. (Loss)/Profit from operations *cont'd*

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

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Directors of the Company				
Executive directors:				
Salaries, bonus and allowances	912,000	912,000	-	-
Defined contribution plan	109,440	109,440	-	-
Benefits in kind	48,525	48,525	-	-
	1,069,965	1,069,965	-	-
Non executive directors:				
Fees	115,200	115,200	115,200	115,200
Salaries, bonus and allowances	23,500	20,500	23,500	20,500
	138,700	135,700	138,700	135,700
Total directors' remuneration	1,208,665	1,205,665	138,700	135,700

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:

	2019	2018
	RM	RM
Executive directors:		
RM500,001 to RM550,000	2	2
Non executive directors:		
Below RM50,000	3	3

7. Finance income

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Interest income from current account deposits	41,539	295,922	10,100	6,336
Interest income from fixed deposits	172,987	98,402	11,254	21,319
	214,526	394,324	21,354	27,655

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8. Finance costs

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest expense on:				
- bank overdraft	492,811	497,664	-	-
- hire purchase	89,364	50,947	-	-
- other lease liabilities	233,980	-	-	-
- term loans	923,020	492,979	-	-
	1,739,175	1,041,590	-	-
Less: amount capitalised in property development activities (Note 16)	(359,417)	-	-	-
	1,379,758	1,041,590	-	-

9. Income tax expense

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Expected income tax payable				
- current year	(513,500)	(226,000)	-	-
- under provision in prior years	(323,393)	(349,692)	(2,637)	-
	(836,893)	(575,692)	(2,637)	-
Deferred tax (Note 28)				
- current year	79,000	(262,000)	-	-
- under provision in prior years	(200,000)	-	-	-
	(121,000)	(262,000)	-	-
	(957,893)	(837,692)	(2,637)	-

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(Loss)/Profit before tax	(10,971,135)	2,595,390	(18,983,705)	1,294,213
Taxation at statutory tax rate of 24% (2018: 24%)	2,633,100	(622,800)	4,556,000	(310,600)
Expenses not deductible for tax purposes	(2,608,400)	(338,900)	(4,418,000)	(72,900)
Income not subject to tax	175,300	214,400	-	336,000
Utilisation of reinvestment allowance arising during the year	-	656,500	-	-
Utilisation of previously unrecognised deferred tax asset	-	47,500	-	47,500
Deferred tax assets not recognised	(634,500)	(444,700)	(138,000)	-
Under provision in prior years				
- income tax expense	(323,393)	(349,692)	(2,637)	-
- deferred tax	(200,000)	-	-	-
Income tax expense for the year	(957,893)	(837,692)	(2,637)	-

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10. (Loss)/Earnings per share**10.1 Basic (loss)/earnings per share**

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

	Group	
	2019	2018
	RM	RM
Net (loss)/profit attributable to owners of the Company	(11,905,742)	1,694,762
	Group	
	2019	2018
Weighted average number of ordinary shares in issue	1,524,722,865	1,407,892,713
Basic (loss)/earnings per share (sen)	(0.78)	0.12

10.2 Diluted (loss)/earnings per share

Diluted (loss)/earnings per share are not presented in the financial statements as at 31 December 2019 and 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.

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11. Property, plant and equipment

Group	Freehold land (at valuation) RM	Freehold buildings (at valuation) RM	Furniture, fittings, office and factory equipment RM	Motor vehicles RM	Plant and machinery RM	Plant and machinery under construction RM	Renovation RM	Total RM
Cost (unless otherwise indicated)								
At 1 January 2018	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
Additions	-	-	642,139	50,000	1,707,042	2,172,100	354,107	4,925,388
Disposals	-	-	-	(979,533)	-	-	-	(979,533)
Write offs	-	-	(25,538)	-	-	-	(27,726)	(53,264)
Reclassification to right of use assets (Note 12)	-	-	-	(2,927,052)	-	-	-	(2,927,052)
At 31 December 2019	39,936,734	18,634,426	9,494,700	5,756,243	28,894,259	2,172,100	9,954,335	114,842,797

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11. Property, plant and equipment *cont'd*

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
Accumulated depreciation								
At 1 January 2018	-	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
Charge for the year	-	377,165	714,576	313,261	2,351,153	-	997,052	4,753,207
Disposals	-	-	-	(979,530)	-	-	-	(979,530)
Write offs	-	-	(14,166)	-	-	-	(27,725)	(41,891)
Reclassification to right of use assets (Note 12)	-	-	-	(372,470)	-	-	-	(372,470)
At 31 December 2019	-	1,507,357	5,724,820	5,569,423	15,898,491	-	5,151,352	33,851,443
Accumulated impairment losses								
At 1 January 2018/ 31 December 2018	-	-	-	-	-	-	-	-
Impairment loss for the year	-	-	-	-	1,880,319	-	-	1,880,319
At 31 December 2019	-	-	-	-	1,880,319	-	-	1,880,319
Carrying amount								
At 31 December 2019	39,936,734	17,127,069	3,769,880	186,820	11,115,449	2,172,100	4,802,983	79,111,035
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

NOTES TO THE FINANCIAL STATEMENTS

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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 2018/ 31 December 2018	7,449	35,482	39,609	82,540
Write offs	(7,449)	(35,582)	(39,609)	(82,540)
At 31 December 2019	-	-	-	-
Accumulated depreciation				
At 1 January 2018/ 31 December 2018	7,446	35,477	39,608	82,531
Write offs	(7,446)	(35,477)	(39,608)	(82,531)
At 31 December 2019	-	-	-	-
Carrying amount				
At 31 December 2019	-	-	-	-
At 31 December 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 loans referred to in Note 26 are as follows:

	Group	
	2019 RM	2018 RM
<u>At carrying amount</u>		
Freehold land	39,000,000	39,000,000
Freehold buildings	16,829,520	17,198,984
	<u>55,829,520</u>	<u>56,198,984</u>

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

	Group	
	2019 RM	2018 RM
<u>At carrying amount</u>		
Motor vehicles	-	2,630,966

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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	
	2019 RM	2018 RM
Total additions	4,925,388	9,304,013
Additions through:		
- other payables	(59,400)	-
- hire purchase arrangements	-	(1,600,000)
- term loan	-	(967,000)
- deposits paid in previous reporting period	(100,000)	-
Cash payments	<u>4,765,988</u>	<u>6,737,013</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.

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	
	2019 RM	2018 RM
Freehold land	18,166,036	18,166,036
Freehold buildings	13,601,200	13,935,076
	<u>31,767,236</u>	<u>32,101,112</u>

11.4 Impairment review of plant and equipment

Due to poor economic environment in the property sector, a subsidiary, JAG Land Sdn Bhd, decided to temporarily cease its development activities. The subsidiary has performed an impairment review on its sales gallery showroom. The review led to the recognition of an impairment loss of RM1,880,319 to write down the carrying amount of the sales gallery showroom to its value in use recoverable amount of zero.

The impairment loss has been recognised in profit or loss under "Other operating expenses" line item.

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12. Right of use assets

Group	Motor vehicles RM	Office premises RM	Outlets RM	Restoration costs RM	Total RM
Cost					
At 1 January 2019	-	-	-	-	-
Effects arising from adoption of MFRS 16	-	586,727	4,248,654	-	4,835,381
Reclassification from property, plant and equipment (Note 11)	2,927,052	-	-	-	2,927,052
Additions	869,885	-	1,220,453	37,686	2,128,024
At 31 December 2019	3,796,937	586,727	5,469,107	37,686	9,890,457
Accumulated depreciation					
At 1 January 2019	-	-	-	-	-
Reclassification from property, plant and equipment (Note 11)	372,470	-	-	-	372,470
Charge for the year	651,772	153,140	1,046,578	2,443	1,853,933
At 31 December 2019	1,024,242	153,140	1,046,578	2,443	2,226,403
Carrying amount					
At 31 December 2019	2,772,695	433,587	4,422,529	35,243	7,664,054
At 31 December 2018	-	-	-	-	-

During the reporting period, cash payments made to acquire right of use assets are as follows:

	Group	
	2019 RM	2018 RM
Total additions	2,128,024	-
Additions through		
- lease arrangements	(1,740,453)	-
- provision for restoration costs (Note 27)	(37,686)	-
Cash payments	349,885	-

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13. Investment property

	Group	
	2019	2018
	RM	RM
Freehold land, at cost		
At beginning of year	-	-
Transfer from inventories (Note 16)	19,445,279	-
At end of year	19,445,279	-
Accumulated impairment losses		
At beginning of year	-	-
Impairment loss for the year	4,005,279	-
At end of year	4,005,279	-
Carrying amount	15,440,000	-

During the reporting period, a subsidiary, JAG Land Sdn Bhd, performed an impairment test on its investment property and an impairment loss of RM4,005,279 was recognised to write down the investment property to its recoverable amount. The recoverable amount is determined based on the fair value less costs of disposal of the freehold land and the impairment loss has been recognised in profit or loss under "Other operating expenses" line item.

14. Intangible assets

	Group	
	2019	2018
	RM	RM
Golf club membership		
At cost		
At beginning/end of year	108,000	108,000
Accumulated amortisation		
At beginning of year	4,944	4,120
Charge for the year	824	824
At end of year	5,768	4,944
Carrying amount	102,232	103,056

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15. Investment in subsidiaries

	Company	
	2019 RM	2018 RM
Unquoted shares at cost		
At beginning of year	99,967,857	99,967,857
Subscription of additional shares in an existing subsidiary	1,000,000	-
Incorporation of a new subsidiary	250,000	-
At end of year	101,217,857	99,967,857
Accumulated impairment losses		
At beginning of year	1,852,973	1,852,973
Impairment loss during the year	2,000,000	-
At end of year	3,852,973	1,852,973
Carrying amount	97,364,884	98,114,884

The details of the subsidiaries are as follows:

Subsidiaries of the Company	Country of incorporation	Group's effective interest		Principal activities
		2019 %	2018 %	
JAG Systems Sdn Bhd	Malaysia	100	100	Computer software development, marketing, maintenance and support services
JAG Capital Equity Sdn Bhd	Malaysia	100	100	Investment trading company
Jaring Metal Industries Sdn Bhd	Malaysia	100	100	Recycling and manufacturing activities of extraction, production and refinery of ferrous, non-ferrous and precious metals via the recovery and reclamation of industrial and electronic waste and the trading of ferrous and non-ferrous metals
JAG Land Sdn Bhd	Malaysia	100	100	Buy, sell, rent and operate self-owned or leased real estate land, property development and project management
JAG Development Sdn Bhd	Malaysia	100	100	Property developer, real estate project development, building constructor and property investment
JAG Prop Sdn Bhd	Malaysia	100	-	Dormant
Subsidiary of Jaring Metal Industries Sdn Bhd				
JAG Nasmeh Sdn Bhd	Malaysia	80	80	Operating twenty-four (24) hour coin-operated laundry business

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15. Investment in subsidiaries *cont'd*

15.1 Acquisition of a subsidiary and additional subscription of shares in a subsidiary

In the current reporting period:

- (a) The Company subscribed for additional 1,000,000 ordinary shares in JAG Capital Equity Sdn Bhd ("JAGCE") by way of capitalisation of amount due from JAGCE of RM1,000,000.
- (b) The Company incorporated a wholly-owned subsidiary, JAG Prop Sdn Bhd ("JPSB"), by subscribing to 250,000 ordinary shares representing 100% of the issued and paid-up share capital of JPSB for a cash consideration of RM250,000. JPSB is intended to carry out the principal activities of property developer, real estate project development, building constructor and property investment.

15.2 Impairment review of investment in subsidiaries

In the current reporting period, the directors performed an impairment test on JAG Land Sdn Bhd and JAG Capital Equity Sdn Bhd and impairment loss of RM2,000,000 had been recognised to write down the investments to its value in use recoverable amount of zero.

The impairment loss has been recognised in profit or loss under "Other operating expenses" line item.

16. Inventories

	Group	
	2019	2018
	RM	RM
Manufacturing and trading		
At cost:		
- trading merchandise	448,406	170,447
- raw materials	17,451,470	20,196,672
- work in progress	7,334,163	9,271,482
- finished goods	23,933,641	16,772,048
	49,167,680	46,410,649
At fair value less costs to sell:		
Raw materials	405,059	-
Work in progress	160,309	-
Finished goods	539,902	-
	1,105,270	-
Property development		
At cost:		
Land held for development	15,726,328	-
Properties under development	19,445,279	19,588,354
	35,171,607	19,588,354
	85,444,557	65,999,003
Less:		
Land held development – non current portion	(15,726,328)	-
Transfer to investment property (Note 13)	(19,445,279)	-
	(35,171,607)	-
	50,272,950	65,999,003
Amount of inventories recognised as an expense	123,688,899	135,613,690

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16. Inventories *cont'd*

Land held for property development with carrying amount of RM15,726,328 (2018: RM Nil) has been pledged as collaterals to secure the borrowings referred to in Note 26.

Finance costs included in land held for development are as follows:

	Group	
	2019 RM	2018 RM
Land held for development	359,417	-

17. Other investments

	Group	
	2019 RM	2018 RM
Non current assets		
Financial assets at fair value through profit or loss		
Unquoted shares at cost		
Ordinary shares	250,000	250,000
Irredeemable convertible preference shares	650,000	650,000
At beginning of year	900,000	900,000
Write off	(900,000)	-
At end of year	-	900,000
Accumulated impairment losses		
At beginning of year	900,000	900,000
Write off	(900,000)	-
At end of year	-	900,000
Carrying amount	-	-
	Group	
	2019 RM	2018 RM
Current assets		
Financial assets at fair value through profit or loss		
- quoted equity instruments in Malaysia	6,947,460	4,470,397
- unquoted mutual funds in Malaysia	2,456,926	2,567,802
	9,404,386	7,038,199

The investment in unquoted mutual funds relate to portfolio of money market fund investments placed with licensed financial institutions. 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.

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18. Trade receivables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Third parties	9,087,115	11,983,082	25,000	25,000
Amount due from a company in which a director of a subsidiary has interest	104,500	104,500	-	-
	9,191,615	12,087,582	25,000	25,000
Less: Allowance for impairment	(2,581,991)	(2,992,454)	(25,000)	(25,000)
	<u>6,609,624</u>	<u>9,095,128</u>	<u>-</u>	<u>-</u>

The Group's normal trade credit terms range from 30 days to 90 days (2018: 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	
	2019 RM	2018 RM	2019 RM	2018 RM
At beginning of year	2,992,454	3,378,425	25,000	25,000
Allowance during the year	20,523	59,767	-	-
Allowance no longer required	(363,792)	(445,738)	-	-
Write off during the year	(67,194)	-	-	-
At end of year	<u>2,581,991</u>	<u>2,992,454</u>	<u>25,000</u>	<u>25,000</u>

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.

2019	Trade receivables – days past due				
	Not past due RM	<30 days RM	31-60 days RM	>60 days RM	Total RM
Impairment assessed individually					
Gross carrying amount	-	-	-	2,774,232	2,774,232
Less: Allowance for impairment	-	-	-	(2,561,468)	(2,561,468)
	-	-	-	212,764	212,764
Impairment assessed through provision matrix					
Gross carrying amount	4,378,396	1,070,160	615,610	353,217	6,417,383
Less: Allowance for impairment	(4,774)	(3,210)	(6,156)	(6,383)	(20,523)
	4,373,622	1,066,950	609,454	346,834	6,396,860
	<u>4,373,622</u>	<u>1,066,950</u>	<u>609,454</u>	<u>559,598</u>	<u>6,609,624</u>

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18. Trade receivables *cont'd*

2018 Group	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

19. Other receivables, deposits and prepayments

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Advance payments to suppliers	2,044,177	2,801,051	-	-
Amount due from subsidiaries	-	-	71,016,174	63,542,525
Deposits paid for purchase of plant and equipment	234,000	100,000	-	-
Deposits paid for purchase of land held for development	-	1,472,409	-	-
Goods and services tax recoverable	-	2,036,007	-	7,797
Others	1,953,010	1,779,292	4,101	4,101
	4,231,187	8,188,759	71,020,275	63,554,423
Less: Allowance for impairment (Note 19.2)	(1,229,369)	(436,929)	(18,545,010)	(2,308,448)
	3,001,818	7,751,830	52,475,265	61,245,975
Less: Non current portion (Note 19.1)	-	-	(20,900,000)	(31,900,000)
	3,001,818	7,751,830	31,575,265	29,345,975

19.1 Amount due from subsidiaries

In conformance with the Financial Reporting Standards Implementation Committee's 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, amount totalling RM20,900,000 (2018: 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.

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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	
	2019 RM	2018 RM	2019 RM	2018 RM
At beginning of year	436,929	644,056	2,308,448	2,399,012
Allowance during the year	800,000	-	16,236,562	-
Allowance no longer required	(7,560)	(200,000)	-	-
Write off during the year	-	(7,127)	-	(90,564)
At end of year	1,229,369	436,929	18,545,010	2,308,448

20. Derivative assets

	Group	
	2019 RM	2018 RM
Forward foreign exchange sale contracts held for trading at fair value through profit or loss	12,007	-

The Group uses forward currency contracts to manage the transaction exposure of the Group's sales denominated in United States Dollar.

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 Group recognised a gain of RM12,007 (2018: RM Nil) arising from fair value changes of derivative assets/(liabilities). The fair value changes are attributable to changes in foreign exchange rate.

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

	Group	
	2019 RM	2018 RM
Forward foreign exchange sale contracts	1,639,493	-

21. Fixed deposits with licensed banks

Fixed deposits of the Group amounting to RM2,221,072 (2018: RM1,362,092) have been pledged with a licensed bank to secure the banking facilities referred to in Note 26.

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22. Share capital

	Group and Company			
	2019 No. of ordinary shares	2018 No. of ordinary shares	2019 RM	2018 RM
Issued and fully paid:				
At beginning of year	1,515,731,107	1,377,930,568	148,109,820	140,686,433
Issue of shares pursuant to:				
- private placements	302,875,000	137,793,700	9,388,395	7,422,361
- exercise of warrants	-	6,839	-	1,026
	302,875,000	137,800,539	9,388,395	7,423,387
	1,818,606,107	1,515,731,107	157,498,215	148,109,820
Transfer from share premium	-	-	9,140,860	-
At end of year	1,818,606,107	1,515,731,107	166,639,075	148,109,820

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.

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.

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31 DECEMBER 2019
CONT'D

22. Share capital *cont'd*

22.1 Warrants 2014/2019 *cont'd*

The movements in the Company's Warrants 2014/2019 are as follows:

	Entitlement for ordinary shares			Balance at 31.12.2019 '000
	Balance at 1.1.2019 '000	Exercised '000	Expired '000	
	Number of unexercised warrants	317,365	-	

	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	-	

22.2 Warrants 2017/2020

The Company had on 16 November 2017 issued 194,771,762 free Warrants 2017/2020 in conjunction with its bonus issue of shares. The Warrants 2017/2020 are constituted by a Deed Poll dated 30 October 2017 ("Deed Poll 2017/2020").

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 are as follows:

	Entitlement for ordinary shares			Balance at 31.12.2019 '000
	Balance at 1.1.2019 '000	Exercised '000	Expired '000	
	Number of unexercised warrants	194,765	-	

NOTES TO THE FINANCIAL STATEMENTS

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CONT'D

22. Share capital *cont'd*

22.2 Warrants 2017/2020 *cont'd*

	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)	

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;
- (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.

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31 DECEMBER 2019
CONT'D

22. Share capital *cont'd*

22.3 Share Issuance Scheme *cont'd*

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

Offer Date	Number of options over ordinary shares			Balance at 31.12.2019 '000
	Balance at 1.1.2019 '000	Exercised '000	Lapsed '000	
	1 July 2015	31,799	-	

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.

23. Reserves

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Retained profits/(Accumulated loss)	32,297,149	44,202,896	(17,766,601)	1,219,741
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
	(47,229,969)	(38,089,109)	1,441,798	10,582,658
	(14,932,820)	6,113,787	(16,324,803)	11,802,399

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.

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31 DECEMBER 2019

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23. Reserves *cont'd*

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

Treasury shares relate to ordinary shares of the Company that are held by the Company in accordance with Section 127(4)(b) of the Companies Act 2016 and are presented as a deduction from shareholders' equity.

As at 31 December 2019, the Group held 1,000,000 (2018: 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.

Pursuant to Section 618(2) of the Companies Act 2016, the credit standing on the share premium account of RM9,140,860 has been transferred to and became part of the share capital account.

23.6 Dividend

	Group and Company	
	2019	2018
	RM	RM
In respect of financial year ended 31 December 2017		
Final single tier interim dividend of RM0.001 per ordinary share	-	1,376,914

24. Lease liabilities

	Group	
	2019	2018
	RM	RM
Hire purchase liabilities	1,453,223	1,461,501
Other lease liabilities	5,019,042	-
	6,472,265	1,461,501
Less: Portion due within one year	(1,840,301)	(443,770)
Non current portion	4,631,964	1,017,731
The non current portion of the lease liabilities is payable as follows:		
Later than 1 year and not later than 2 years	1,619,827	459,528
Later than 2 years and not later than 5 years	2,572,004	558,203
Later than 5 years	440,133	-
	4,631,964	1,017,731

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24. Lease liabilities *cont'd*

The weighted average effective interest rates are as follows:

	Group	
	2019	2018
	%	%
Hire purchase liabilities	4.62	6.23
Other lease liabilities	5.00	-

The Group had total cash outflows for leases of RM2,308,191.

25. Deferred income

	Group	
	2019	2018
	RM	RM
At beginning of year	867,973	1,007,985
Grant income recognised	(140,011)	(140,012)
At end of year	727,962	867,973

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

26. Borrowings

	Group	
	2019	2018
	RM	RM
Non current portion:		
Term loans	16,170,356	8,591,495
Current portion:		
Bank overdraft	4,109,361	6,706,043
Term loans	2,823,875	1,317,031
	6,933,236	8,023,074
	23,103,592	16,614,569

	Group	
	2019	2018
	RM	RM
The non current portion of term loans is payable as follows:		
Later than 1 year and not later than 2 years	2,841,417	1,385,485
Later than 2 years and not later than 5 years	8,746,153	4,520,747
Later than 5 years	4,582,786	2,685,263
	16,170,356	8,591,495

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26. Borrowings *cont'd*

The weighted average effective interest rates are as follows:

	Group	
	2019	2018
	%	%
Bank overdraft	10.20	10.45
Term loans	6.93	5.00

The above borrowings are secured by way of:

	Group	
	Carrying amount	
	2019	2018
	RM	RM
Property, plant and equipment (Note 11.1)	55,829,520	56,198,984
Inventories (Note 16)	15,726,328	-
Fixed deposits with a licensed bank (Note 21)	2,221,072	1,362,092

The borrowings are also secured by way of joint and several guarantees by certain directors of a subsidiary and corporate guarantees by the Company.

27. Provision

	Group	
	2019	2018
	RM	RM
At beginning of year	-	-
Provision during the year	37,686	-
At end of year	37,686	-

The provision is in relation to the cost of dismantling and removing assets and restoring the premises to its original condition as stipulated in the lease agreements. The Group expects to incur the liability upon termination of the leases.

28. Deferred tax liabilities

	Group	
	2019	2018
	RM	RM
At beginning of year	(3,600,436)	(3,338,436)
Recognised in profit or loss (Note 9)		
- current year	79,000	(262,000)
- under provision in prior years	(200,000)	-
	(121,000)	(262,000)
At end of year	(3,721,436)	(3,600,436)

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28. Deferred tax liabilities *cont'd*

	Group	
	2019	2018
	RM	RM
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	(4,899,531)	(4,458,691)
Deferred tax assets	1,178,095	858,255
	(3,721,436)	(3,600,436)

Deferred tax liabilities are in respect at the following:

	Group	
	2019	2018
	RM	RM
Differences between accounting depreciation and tax capital allowances	(3,034,189)	(2,573,289)
Revaluation reserve	(1,865,342)	(1,885,402)
	(4,899,531)	(4,458,691)

Deferred tax assets are in respect of the following:

	Group	
	2019	2018
	RM	RM
Allowance for impairment of trade receivables	617,892	702,206
Differences between accounting depreciation and finance lease payments due	34,000	-
Other deductible temporary differences	279,940	-
Unrealised loss on trade related foreign exchange	106,063	100,549
Unutilised business losses	46,000	-
Unabsorbed capital allowances	94,200	55,500
	1,178,095	858,255

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

	Group			
	Gross		Tax effects	
	2019	2018	2019	2018
	RM	RM	RM	RM
Net fair value losses on held for trading investment	-	165,200	-	40,000
Unabsorbed capital allowances	1,790,700	2,334,400	429,800	560,200
Unutilised business losses to be utilised up to financial year ending				
- 31 December 2025	3,620,100	5,453,500	868,800	1,308,600
- 31 December 2026	5,108,700	-	1,226,100	-
	10,519,500	7,953,100	2,524,700	1,908,800

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28. Deferred tax liabilities *cont'd*

	Company			
	Gross		Tax effects	
	2019	2018	2019	2018
	RM	RM	RM	RM
Unabsorbed capital allowances	1,566,600	1,566,600	376,000	376,000
Unutilised business losses to be utilised up to financial year ending				
- 31 December 2025	1,588,500	1,588,500	381,200	381,200
- 31 December 2026	574,000	-	137,800	-
	3,729,100	3,155,100	895,000	757,200

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.

29. Trade payables

The normal trade credits granted to the Group, range from 15 days to 60 days (2018: 15 days to 60 days).

30. Other payables and accruals

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Advance payments from customers	4,788,387	4,705,669	-	-
Amount due to a subsidiary	-	-	250,000	-
Other payables and accruals	3,080,883	1,049,576	131,774	95,631
	7,869,270	5,755,245	381,774	95,631

NOTES TO THE FINANCIAL STATEMENTS

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31. Significant related party disclosures

31.1 Related party transactions

Significant transactions with related parties are as follows:

	Type of transactions	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
With a company in which certain directors of a subsidiary have interests					
Barrel & Drum (M) Sdn Bhd	Purchases	27,525	28,824	-	-
With a corporate shareholder of a subsidiary					
Bubblelab Laundry Sdn Bhd	Purchase of plant and equipment	1,511,131	915,445	-	-
	Maintenance fee expense	219,662	318,691	-	-
With subsidiaries					
JAG Land Sdn Bhd	Management fee income	-	-	-	88,200
JAG Capital Equity Sdn Bhd	Management fee income	-	-	-	58,800
JAG Systems Sdn Bhd	Management fee income	-	-	-	29,400
JAG Development Sdn Bhd	Management fee income	-	-	-	29,400
Jaring Metal Industries Sdn Bhd	Management fee income	-	-	-	352,700

NOTES TO THE FINANCIAL STATEMENTS

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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		
	2019 RM	2018 RM	2019 RM	2018 RM	
Financial assets					
With subsidiaries					
Jaring Metal Industries Sdn Bhd	Advances	-	-	25,625,372	23,411,723
JAG Systems Sdn Bhd	Advances	-	-	4,478,297	4,478,297
	Allowance for impairment	-	-	(1,835,973)	(1,835,973)
		-	-	2,642,324	2,642,324
JAG Land Sdn Bhd	Advances	-	-	24,747,166	28,772,166
	Allowance for impairment	-	-	(16,236,562)	-
		-	-	8,510,604	28,772,166
JAG Development Sdn Bhd	Advances	-	-	11,579,400	1,329,400
JAG Capital Equity Sdn Bhd	Advances	-	-	4,585,939	5,550,939
	Allowance for impairment	-	-	(472,475)	(472,475)
		-	-	4,113,464	5,078,464
Financial liability					
With a subsidiary					
JAG Prop Sdn Bhd	Advances	-	-	250,000	-

The advances are unsecured, interest free and receivable/repayable 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.

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32. Commitments

	Group	
	2019	2018
	RM	RM
Capital commitments		
Capital expenditure not provided for in the financial statements are as follows:		
Authorised and contracted for	5,434,000	18,358,025
Analysed as follows:		
Investment in unquoted shares	5,200,000	5,200,000
Development land	-	13,158,025
Property, plant and equipment	234,000	-
	5,434,000	18,358,025
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
Investment property and property development	-	Buy, sell, rent and operate self-owned or leased real estate land, property development and project management

Management monitors the operating results of its business units as well as relying on the segment information as disclosed below for the purpose of making decision about resource allocation and performance assessment.

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33. Segment information *cont'd*33.1 Business segment *cont'd*

2018	Manufacturing		Trading		Services		Proprietary solutions and software maintenance		Investment property and property development		Total Elimination		Consolidated	
	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					

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33. Segment information *cont'd*33.1 Business segment *cont'd*

2019	Manufacturing		Trading		Services		Proprietary solutions and software maintenance		Investment and development		Investment property and development		Total Elimination		Consolidated	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Assets and liabilities																
Segment assets	144,741,482	6,357,294	10,315,184	2,667,145	155,329,014	36,688,316	356,098,435	(154,576,799)	201,521,636							
Segment liabilities	61,010,117	-	9,592,469	4,791,841	4,958,566	44,995,338	125,348,331	(75,677,493)	49,670,838							
Other information																
Capital expenditure on property, plant and equipment and right of use assets	3,374,485	883,698	2,773,919	-	-	21,310	7,053,412	-	7,053,412							
Depreciation and amortisation	3,378,850	1,039,820	1,755,159	19,890	-	414,245	6,607,964	-	6,607,964							
2018	Manufacturing		Trading		Services		Proprietary solutions and software maintenance		Investment and development		Investment property and development		Total Elimination		Consolidated	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Assets and liabilities																
Segment assets	146,708,527	5,853,514	5,387,265	2,751,685	159,587,100	29,506,907	349,794,998	(160,707,707)	189,087,291							
Segment liabilities	59,579,125	-	4,548,143	4,765,812	103,764	30,298,383	99,295,227	(64,599,367)	34,695,860							
Other information																
Capital expenditure on property, plant and equipment	3,549,872	2,290,874	951,219	-	-	2,512,048	9,304,013	-	9,304,013							
Depreciation and amortisation	2,870,255	903,038	521,936	46,940	-	281,982	4,624,151	-	4,624,151							

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33. Segment information *cont'd*33.1 Business segment *cont'd*

	Manufacturing	Trading	Services	Proprietary solutions and software maintenance	Investment	Investment property and development	Total	Elimination	Consolidated
	RM	RM	RM	RM	RM	RM	RM	RM	RM
2019									
Non-cash items other than depreciation and amortisation									
Allowance for impairment of receivables	820,523	-	-	-	16,236,562	-	17,057,085	(16,236,562)	820,523
Inventories written down	3,666,261	-	-	-	-	-	3,666,261	-	3,666,261
Impairment loss on investment in subsidiaries	-	-	-	-	2,000,000	-	2,000,000	(2,000,000)	-
investment property	-	-	-	-	-	4,005,279	4,005,279	-	4,005,279
plant and equipment	-	-	-	-	-	1,880,319	1,880,319	-	1,880,319
Changes in fair value of									
- derivative financial instruments	(12,007)	-	-	-	-	-	(12,007)	-	(12,007)
- other investments	(50,000)	-	-	3,348	(193,497)	(26)	(240,175)	-	(240,175)
Plant and equipment written off	170	-	332	-	40	10,831	11,373	-	11,373
Government grant income	(140,011)	-	-	-	-	-	(140,011)	-	(140,011)
Unrealised loss on foreign exchange	387,613	-	-	-	-	-	387,613	-	387,613

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33. Segment information *cont'd*33.1 Business segment *cont'd*

2018	Manufacturing	Trading	Services	Proprietary solutions and software maintenance	Investment	Investment property and development	Total	Elimination	Consolidated
	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

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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	Group	
	Revenue	Non-current assets
2019	RM	RM
Malaysia	16,734,549	118,043,649
China	68,806,222	-
Japan	41,712,750	-
Others	12,263,513	-
	139,517,034	118,043,649

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

Non current assets information presented above consist of property, plant and equipment, right of use assets, investment property, inventories 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	
	2019	2018
	RM	RM
Customer A	51,674,932	70,461,591
Customer B	22,367,921	24,616,853
Customer C	16,316,458	16,952,742
Customer D	16,276,184	-
	106,635,495	112,031,186

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

34.1 Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Financial assets				
Fair value through profit or loss				
- other investments	9,404,386	7,038,199	-	-
- derivative assets	12,007	-	-	-
	9,416,393	7,038,199	-	-
Amortised costs				
- trade and other receivables	9,377,442	13,238,542	52,475,265	61,238,178
- cash and bank balances and fixed deposits	14,123,138	15,473,210	848,397	642,982
	23,500,580	28,711,752	53,323,662	61,881,160
	32,916,973	35,749,951	53,323,662	61,881,160
Financial liabilities				
Amortised cost				
- lease liabilities (fixed rate)	6,472,265	1,461,501	-	-
- trade and other payables (non interest bearing)	15,301,142	12,151,381	381,774	95,631
- borrowings (floating rate)	23,103,592	16,614,569	-	-
	44,876,999	30,227,451	381,774	95,631

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 2019
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34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT *cont'd*

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

Foreign exchange risk management

The Group transacts business in various currencies, and therefore is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The net financial assets and financial liabilities of the Group that are not denominated in the functional currency are as follows:

Net Financial Assets/(Liabilities) Held in Non-Functional Currencies					
Functional currency of the Group	Euro RM	Japanese Yen RM	Singapore Dollar RM	United States Dollar RM	Net RM
2019					
Ringgit Malaysia	230,062	-	(34,615)	(742,983)	(547,536)
2018					
Ringgit Malaysia	340,801	27,724	-	(1,337,763)	(969,238)

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	
	2019 RM	2018 RM
Euro	23,000	34,000
Japanese Yen	-	2,800
Singapore Dollar	(3,500)	-
United States Dollar	(74,300)	(133,800)

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

The Company is not exposed to any foreign exchange risk.

Interest rate risk management

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

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

Interest rate risk management *cont'd*

The sensitivity analysis below have been determined based on the exposure to interest rates for banking facilities at the reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and the Company's profitability before tax would increase/decrease by RM115,500 (2018: RM83,000) and RM Nil (2018: 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Amount due from three subsidiaries (2018: two)	-	-	45,715,376	52,183,889

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 there is 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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*

ii) Other receivables

Other receivables other than the amount due from subsidiaries of RM52,471,164 (2018: 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.

iii) Cash and bank balances (including fixed deposits)

The cash and bank balances are held with reputable financial institutions with high credit ratings and no history of default. 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 subsidiaries. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. The maximum exposure to credit risk amounts to RM23,103,592 (2018: RM16,614,569) representing the outstanding banking facilities of the subsidiaries as at reporting date. The fair value of the financial guarantees provided for its subsidiaries is not expected to be material as the total borrowings of the subsidiaries are collateralised against the freehold land and buildings, fixed deposits with the licensed bank and inventories of the subsidiaries. Further, the probability of the subsidiaries 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. The quoted equity instruments are listed on the Bursa Malaysia Securities Berhad.

Management of the Group monitors the equity instruments 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

CONT'D

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

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

Market price risk *cont'd*

The effect of a 10% strengthening in the specified stock prices at the end of the reporting period with all other variables held constant would increase the profitability before tax of the Group as follows:

	Group	
	2019	2018
	RM	RM
Entities listed on:		
Bursa Malaysia Securities Berhad	695,000	447,000

A 10% weakening in specified stock would have equal but opposite effect on the profitability of the Group.

Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group finances its operations by a combination of equity and bank borrowings. In addition, the Group has available banking facilities to meet its liquidity and working capital requirements.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

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
2019						
Non interest bearing debts	15,301,142	15,301,142	15,301,142	-	-	-
Interest bearing debts	23,103,592	27,380,153	8,129,324	3,807,138	10,529,553	4,914,138
Lease liabilities	6,472,265	7,185,019	2,116,719	1,811,286	2,800,844	456,170
	<u>44,876,999</u>	<u>49,866,314</u>	<u>25,547,185</u>	<u>5,618,424</u>	<u>13,330,397</u>	<u>5,370,308</u>
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
Lease liabilities	1,461,501	1,638,527	522,946	512,413	603,168	-
	<u>30,227,451</u>	<u>32,107,545</u>	<u>21,164,926</u>	<u>2,296,969</u>	<u>5,863,271</u>	<u>2,782,379</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019
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34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT *cont'd*

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

Liquidity risk management *cont'd*

Company	Contractual cash flows (including interest payments)		
	Carrying amount RM	Total RM	On demand or within 1 year RM
2019			
Non interest bearing debts	381,774	381,774	381,774
2018			
Non interest bearing debts	95,631	95,631	95,631

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 2019, the Group's and the Company's strategy were unchanged from 31 December 2018 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 2019 and 31 December 2018 were as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Total debts	29,575,857	18,076,070	-	-
Less: Cash and bank balances and fixed deposits	(14,123,138)	(15,473,210)	(848,397)	(642,982)
Net debt/(cash)	15,452,719	2,602,860	(848,397)	(642,982)
Total equity/Adjusted capital	151,850,798	154,391,431	150,314,272	159,912,219
Debt-to-adjusted capital ratio (times)	0.10	0.02	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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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 lease liabilities approximate their carrying amount. Term loan is a floating rate instrument that is re-priced to market interest rates on or near reporting date. Lease liabilities approximates their carrying amounts as these instruments were entered/initially recognised with interest rates which are reasonable approximation of the market interest rates on or near reporting date.

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 2019			
	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>Other investments</u>				
Quoted shares	6,947,460	-	-	6,947,460
Unquoted mutual funds	-	-	2,456,926	2,456,926
<u>Derivative assets</u>				
Forward foreign exchange sale contracts	-	12,007	-	12,007
Non recurring fair value measurements				
Non financial assets:				
<u>Property, plant and equipment</u>				
Freehold land and buildings	-	57,063,803	-	57,063,803
<u>Investment property</u>				
Freehold land	-	15,440,000	-	15,440,000

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35. FAIR VALUE MEASUREMENTS *cont'd*

35.2 Financial instruments and non financial assets carried at fair value *cont'd*

Fair value hierarchy *cont'd*

	Group			Total
	2018			
	Fair value measurements at the end of the reporting period using			
	Level 1	Level 2	Level 3	
	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
Non recurring fair value measurements				
Non financial assets:				
<u>Property, plant and equipment</u>				
Freehold land and buildings	-	57,440,968	-	57,440,968

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

a) Freehold land and buildings

The 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, timing and amenities. The most significant input into this valuation approach is price per square foot.

b) Forward currency contracts

Fair value of the forward currency contracts is determined 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 is determined by reference to the net assets per unit of the funds.

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36. CHANGE IN ACCOUNTING POLICIES

The Group adopted MFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019. Under this approach, the right of use asset is recognised at the date of initial application at an amount equal to the lease liability, using the Group's current incremental borrowing rate. The comparative information are not restated and continues to be reported under MFRS 117.

The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option, and lease contracts for which the underlying asset is of low value.

The nature and effect of the changes as a result of adoption of the new accounting standard are described below.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right of use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 was applied to these leases from 1 January 2019. Hire purchase liabilities were also reclassified to lease liabilities on 1 January 2019.

Leases previously classified as operating leases

The Group recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short term leases and leases of low value assets. The right of use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

37. EVENT SUBSEQUENT TO THE REPORTING PERIOD

On 1 April 2020, the Company entered into a share sale agreement to dispose off its entire equity interest in JAG Systems Sdn Bhd for a total cash consideration of RM280,000.

Upon completion of the disposal, JAG Systems Sdn Bhd shall cease to be a wholly-owned subsidiary.

38. COMPARATIVE FIGURES

The below comparative figures as at 31 December 2018 have been reclassified to arrive at their presentation as at 31 December 2018.

Group	As previously reported RM	Reclassification RM	As restated RM
Statement of financial position as at 31 December 2018			
Current assets			
Inventories	46,410,649	19,588,354	65,999,003
Property development costs	19,588,354	(19,588,354)	-

Consequent to the reclassification above, certain comparative figures in the related notes and statement of cash flows of the Group have also been reclassified for consistency in presentation.

LIST OF PROPERTIES

AS AT 28 MAY 2020

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	13	<u>Land area</u> 130 square meters <u>Built-up</u> 173.9 square meters	115,775	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	17	<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> 9,089,408	17 March 2016 <i>(Date of Revaluation)</i>
3	Johor	GRN 234632, Lot 45043, Mukim Senai, Daerah Kulajaya, 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	8	<u>Land area</u> 130 square meters <u>Built-up</u> 173.9 square meters	178,567	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	5	<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> 6,381,667	2 November 2015 <i>(Date of Revaluation)</i>

LIST OF PROPERTIES

AS AT 28 MAY 2020

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, No. 13, 13-01, 13-02, Jalan SILC 2/12, Kawasan Perindustrian SILC, 79200 Iskandar Puteri, Johor	An intermediate three storey shop/office	Freehold	Note: The shop/office is vacant In operation since July 2019	<u>Land area</u> 143.079 square meters <u>Built-up</u> 429.22 square meters	1,204,495	6 September 2017
7	Selangor	H.S.(D) 158598 No. PT 151630 Jalan Sungai Jati, Taman Sentosa Perdana, 41000 Klang	Residential land	Freehold	Investment properties	Land area 7,582 square meters	9,140,000	20 Feb 2020
8	Selangor	H.S.(D) 158599 No. PT 151631 Jalan Sungai Jati, Taman Sentosa Perdana, 41000 Klang	Commercial land	Freehold	Investment properties	Land area 4,478 square meters	6,300,000	20 Feb 2020

STATISTIC OF SHAREHOLDINGS

AS AT 28 MAY 2020

Total Issued Share Capital (Inclusive of Treasury Shares)	: RM166,639,075.21 comprising 1,818,606,107 ordinary shares
Class of Shares	: Ordinary shares
Voting Rights	: One vote per ordinary share
Treasury Shares held by the Company	: 29,300,000 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	937	15.41	44,757	0.00
100 - 1,000	249	4.10	99,619	0.01
1,001 - 10,000	755	12.42	3,915,227	0.22
10,001 - 100,000	2,871	47.22	116,041,101	6.49
100,001 - 89,465,304 *	1,265	20.81	1,275,682,090	71.29
89,465,305 and above **	3	0.05	393,523,313	21.99
Total:	6,080	100.00	1,789,306,107	100.00

Notes:-

* Less than 5% of issued holdings

** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS based on the Register of Substantial Shareholders

No.	Name	Direct Interest	No. of Ordinary Shares		%
			%	Indirect Interest	
1.	Dato' Ng Meow Giak	176,677,366	9.874	-	-
2.	NKK Capital Sdn. Bhd.	153,061,593	8.554	-	-
3.	Dato' Ng Aik Kee	113,353,722	6.335	153,061,593 ⁽¹⁾	8.554
4.	Ng Yaw Long	136,642,191	7.637	-	-
5.	Teh Chin Ching	97,949,115	5.474	-	-

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

Name of Directors	Direct Interest	No. of Ordinary Shares		%
		%	Indirect Interest	
Datin Tan Siew Ching	54,443,989	3.043	-	-
Dato' Ng Meow Giak	176,677,366	9.874	-	-
Roy Thean Chong Yew	-	-	-	-
Datuk Md. Hassim Bin Pardi	-	-	-	-
Ewe Chuan Seng	-	-	-	-

STATISTIC OF SHAREHOLDINGS

AS AT 28 MAY 2020

CONT'D

TOP 30 SECURITIES ACCOUNT HOLDERS (ORDINARY SHARES) as per Record of Depositors

No.	Name	No. of Ordinary Shares	%
1.	NKK CAPITAL SDN. BHD.	153,061,593	8.55
2.	DATO' NG MEOW GIAK	123,731,213	6.92
3.	NG YAW LONG	116,730,507	6.52
4.	TEH CHIN CHING	76,102,962	4.25
5.	M & A NOMINEE (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LEE SENG THYE	68,100,000	3.81
6.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR DATO' NG AIK KEE	63,538,338	3.55
7.	CHAN AH KIEN	62,563,000	3.50
8.	LEONG YEE KEONG	54,173,700	3.03
9.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR DATO' NG MEOW GIAK	52,946,153	2.96
10.	ONG SAY KIAT	47,052,600	2.63
11.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIM WILLIE	46,000,000	2.57
12.	LEE FU-CHIEN	42,088,676	2.35
13.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' NG AIK KEE	39,215,384	2.19
14.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR AVENUE PORTAL SDN. BHD.	34,178,100	1.91
15.	DATIN TAN SIEW CHING	32,054,615	1.79
16.	FOO WEN POK	31,250,000	1.75
17.	DATIN TAN SIEW CHING	22,389,374	1.25
18.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TEH CHIN CHING	21,846,153	1.22
19.	SUBRAMANIAN A/L SUNDARAM	21,050,000	1.18
20.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG YAW LONG	19,911,684	1.11
21.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - RAKUTEN TRADE SDN. BHD. FOR TEOH ZIN YOONG	16,000,000	0.89
22.	WONG KIM LIAN	15,500,000	0.87
23.	DATO' NG AIK KEE	10,600,000	0.59
24.	WEE SENG HUAT	10,391,123	0.58
25.	CITIGROUP NOMINEES (ASING) SDN. BHD. - EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED	7,300,000	0.41
26.	LEE SWONG KOI	6,300,000	0.35
27.	FOO FOOK MIN	6,207,800	0.35
28.	SIN BEE LEAN	6,000,015	0.34
29.	LIM ENG HOCK	5,936,000	0.33
30.	LEE MEE YOKE	5,083,846	0.28
Total:		1,217,302,836	68.03

STATISTIC OF WARRANTHOLDINGS FOR WARRANTS B

AS AT 28 MAY 2020

Description	: Warrants B (2017/2020)
Total Outstanding Warrants	: 194,764,923
Maturity Date	: 15 November 2020
Number of Warrantholders	: 5,280

ANALYSIS BY SIZE OF WARRANTHOLDINGS FOR WARRANTS B as per the Record of Depositors

Size of Warrantholdings	No. of Warrant Holders	%	No. of Warrants	%
1 – 99	892	16.89	36,689	0.02
100 – 1,000	560	10.61	269,266	0.14
1,001 - 10,000	2,500	47.35	10,781,806	5.54
10,001 – 100,000	1,132	21.44	34,435,126	17.68
100,001 – 9,738,245*	193	3.66	110,047,800	56.50
9,738,246 and above **	3	0.06	39,194,236	20.12
Total:	5,280	100.00	194,764,923	100.00

Notes:-

* Less than 5% of issued holdings

** 5% and above of issued holdings

DIRECTORS' WARRANTHOLDINGS in the Company or in a related corporation (including number and percentage) based on the Register of Directors' Shareholdings

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	-	-	-	-

STATISTIC OF WARRANTHOLDINGS FOR WARRANTS B

AS AT 28 MAY 2020

CONT'D

TOP 30 SECURITIES ACCOUNT HOLDERS (WARRANTS B) as per the Record of Depositors

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.	NG KOK BENG	3,214,500	1.65
10.	DATIN TAN SIEW CHING	3,198,482	1.64
11.	RAJA MUHAMMAD BIN RAJA OMAR	3,110,300	1.60
12.	AGNES SAUYIE LOH	3,088,000	1.59
13.	TAN AI GOH	3,001,500	1.54
14.	YONG SIW YA	2,713,100	1.39
15.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR JASON CHING CHOU-YI	2,511,500	1.29
16.	QUEK KIAH SONG	2,197,500	1.13
17.	MUHAMMAD FERDAUS BIN ABDUL RAHMAN	2,000,000	1.03
18.	ALAN SCOTT	1,388,800	0.71
19.	CHEW HOCK KEAT	1,200,000	0.62
20.	WONG KOK KEONG	1,178,700	0.61
21.	TEH SWEE LOK	1,040,052	0.53
22.	CHUA LEE GUAN	1,030,768	0.53
23.	PUA MENG HONG	1,010,000	0.52
24.	AHMAD NORDIN BIN OTHMAN	1,000,000	0.51
25.	CHEAH YEOW LENG	1,000,000	0.51
26.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR MOHD AFANDI BIN AB LATIF	1,000,000	0.51
27.	RHB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN HOW JOO	1,000,000	0.51
28.	TOH HONG CHYE	1,000,000	0.51
29.	LIM ENG HOCK	848,000	0.44
30.	CHIA ENG KIOW	830,768	0.43
	Total:	103,781,584	53.30

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