



JAG BERHAD

[Registration No. 199701023733 (439230-A)]



ANNUAL REPORT 2020

Developing a
Sustainable Future

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Datin Stacey Tan Siew Ching
Chairperson and Executive Director

Dato' Ng Meow Giak
Executive Director

Roy Thean Chong Yew
Independent Non-Executive Director

Ewe Chuan Seng
Senior 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,
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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,
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Email : Jason.Cheng@sshsb.com.my

PRINCIPAL OFFICES

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72A, Jalan Universiti,
46200 Petaling Jaya,
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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)]



JARING METAL INDUSTRIES SDN. BHD.

[199701010289 (425785-T)]

Principal Activities:

- 1) Recycling and extraction of precious metals via the recovery and reclamation of industrial and electronic waste.
- 2) Trading of ferrous and non-ferrous metals.



JAG NASMECH SDN. BHD.

[201501005407 (1130737-D)]

Principal Activity: Operating twenty-four (24) hours coin-operated laundry business



CAHAYA MUTLAK SDN. BHD.

[20090102439 (867497-X)]

Principal Activity: Real property



JAG RENEWABLE ENERGY SDN. BHD.

[202001017576 (1373896-U)]

Principal Activity: Production and manufacturing of renewable energy business



JAG CAPITAL EQUITY SDN. BHD.

[199001015039 (206708-P)]

Principal Activity: Investment trading



JAG LAND SDN. BHD.

[201501005354 (1130684-K)]

Principal Activity: Real estate investment



JAG DEVELOPMENT SDN. BHD.

[201701035547 (1249718-T)]

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



JAG PROP SDN. BHD.

[201901027499 (1336826-T)]

Principal Activities: Property development and property investment



JAG SCOOPS SDN. BHD.

[202001038572 (1394893-U)]

Principal Activities: Manufacturing and distribution of confectionery, ice-cream and gelato products

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 2019”	Financial year ended 31 December 2019
“FYE 2020”	Financial year ended 31 December 2020
“FYE 2021”	Financial year ending 31 December 2021
“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 15 March 2021
“MFRS”	Malaysian Financial Reporting Standard
“MCCG”	Malaysian Code on Corporate Governance
“SC”	Securities Commission Malaysia
“the Act” or “CA 2016”	Companies Act 2016

TECHNICAL INFORMATION SHEET

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

Table A – Licensed Scheduled Wastes

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

CHAIRPERSON'S STATEMENT



Dear Valued Shareholders,

2020 was an extraordinary year. We live in unprecedented times where all of us have been directly or indirectly affected by the outbreak of the Coronavirus Disease (“Covid-19”) pandemic. It has caused a slew of health, economic and social challenges, to the world as well as our country. According to World Health Organisation (WHO), more than 100 countries went into lockdown last year, and we faced a degree of social distancing we had never experienced before. This has had a huge impact on both our lives and the economy.

At JAG Berhad (“JAG”), for the past year, we have held strong in the face of adversity. Our people have shown tremendous resilience, reacting swiftly to ensure that we could continue to operate, and that we remain a steadfast, trusted and reliable employer, business partner and citizen.

With concerted efforts, I am pleased to inform that we were able to operate with minimal disruptions, and against all odds, closed the financial year on a resounding note, delivering record revenue and solid profits, despite the Covid-19 pandemic.

On that note and on behalf of the Board, I am pleased to present to you the Annual Report for JAG for the financial year ended 31 December 2020 (“FYE 2020”).

CHAIRPERSON'S STATEMENT

cont'd

ECONOMIC LANDSCAPE

The Covid-19 pandemic has had a significant impact on people and economies worldwide. The extensive and recurring lockdowns imposed across the globe have curtailed business activities and dampened revenues.

The operating landscape in 2020 was extremely challenging, with the pandemic leading to a global recession. According to the World Bank, the global economy contracted 4.3%¹ in 2020 due to the Covid-19 crisis, over three (3) times more than the global financial crisis of 2009.

In Malaysia, our gross domestic product (“GDP”) contracted 5.6% compared with 4.3% in 2019². The last time Malaysia’s economy contracted was in 2009, at 1.5%. In fact, this was Malaysia’s lowest contraction since 1998.

Despite this landscape, our manufacturing industry remained strong in 2020. In the fourth quarter of 2020, this sector maintained a positive growth at 3%³ driven by petroleum, chemical, electrical and electronic (“E&E”) products. The E&E industry, which the Group is dependent on, has been one of the pillars of Malaysia’s economy for nearly five decades. In fact, it was and still is identified as a critical industry in the country’s recovery and regrowth, during and following the pandemic.

This sector is expected to continue growing in the coming months on account of demand for smart manufacturing capabilities, automation and technological innovations.

The property industry largely remained subdued in 2020, which resulted in poor market sentiment. The first half of the year was particularly challenging as the Movement Control Order (“MCO”) imposed from March 2020 to May 2020 brought all property-related activities to a halt. Although the residential market picked up after the MCO was eased in June 2020, there was a drop in the overall volume and value of transactions last year.

According to data from the National Property Information Centre (NAPIC), in the first half of 2020, Malaysia’s property market transaction volume and value decreased 27.9% and 31.5%⁴ respectively compared with the previous year.

FINANCIAL PERFORMANCE

For FYE 2020, JAG recorded a revenue of RM159 million, a 14% increase as compared with the RM140 million registered a year ago. Profit after tax for the year under review stood at RM9 million as compared with a loss after taxation of RM12 million a year ago.

The strong turnaround of our results was primarily attributable to the increased revenue of our Total Waste Management (“TWM”) business segment, which was driven by strong supply of e-waste and demand of commodities, leading to higher sales of precious metals. Additionally, the continued appreciation of commodity prices directly contributed to the profitability of the division.

Earnings per share for the year under review stood at 2.01 sen compared with a loss per share of 3.12 sen a year ago.

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

DIVIDEND

Due to the prevailing uncertainties around the pandemic and the overall operating landscape, the Board of Directors did not recommend any dividend payment for FYE 2020.

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

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

¹ <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-february-2021-briefing-no-146/>

² <https://www.theedgemarkets.com/article/malysias-4q-gdp-contracts-C2%A034-fullyear-56>

³ [https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=100&bul_id=Y1MyV2tPOGNsVUtnRy9SZGdRQS84QT09&menu_id=TE5CRUZCbh4ZTZMODZlbnk2aWRRRQT09#:~:text=Malaysia's%20Gross%20Domestic%20Product%20\(GDP,4.3%20per%20cent%20in%202019.](https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=100&bul_id=Y1MyV2tPOGNsVUtnRy9SZGdRQS84QT09&menu_id=TE5CRUZCbh4ZTZMODZlbnk2aWRRRQT09#:~:text=Malaysia's%20Gross%20Domestic%20Product%20(GDP,4.3%20per%20cent%20in%202019.)

⁴ <https://www.edgeprop.my/content/1739428/napic-property-market-records-sharp-fall-1h2020>

CHAIRPERSON'S STATEMENT

cont'd

CORPORATE DEVELOPMENTS

Disposal of Loss-making subsidiary

As part of our corporate turnaround strategy, the Board has made the difficult decision to dispose JAG Systems Sdn. Bhd. ("**JAG Systems**"), a loss-making subsidiary.

On 1 April 2020, JAG entered into a Share Sale Agreement for the disposal of 758,000 ordinary shares, representing 100% equity interest held in JAG Systems to Ms. Fan Mee Mee and Mr. Fan Soon Hee, for a total cash consideration of RM280,000/-. The said disposal was completed on 29 July 2020 and JAG Systems ceased to be a subsidiary of JAG.

Enhancement of Revenue Streams

As part our corporate turnaround strategy, the Board has agreed for Management to undertake several revenue stream enhancement measures during the FYE 2020:-

- (1) Formation of New Subsidiary - JAG Renewable Energy Sdn. Bhd. ("**JAG RE**")

On 9 July 2020, JAG incorporated a wholly-owned subsidiary, JAG RE, a private limited company with an issued share capital of RM1,000,000/- comprising 1,000,000 ordinary shares. JAG RE has yet commenced business since its incorporation. The intended activity of JAG RE is to involve in production and manufacturing of renewable energy business.

- (2) Formation of New Subsidiary - JAG Scoops Sdn. Bhd. ("**JAGS**")

On 28 November 2020, the Group incorporated a subsidiary, JAGS, a private limited company with an issued share capital of RM500,000 comprising 500,000 ordinary shares, in which, 75% shares held by JAG, 15% shares held by Ms. Yap May Yin and remaining 10% shares held by Mr. Lai Kok Wai. The intended activity of JAGS is to involve in manufacturing, distribution, sales and other related services of confectionary, ice cream and gelato products.

Additional Storage Capacity at Jaring Metal Industries Sdn Bhd ("**JMI**")

Apart of the above new ventures, we have not neglected our core subsidiary. We have embarked on building new storage capability for JMI, a wholly-owned subsidiary of JAG, in tandem with additional production capacity that would be undertaken by JMI for the financial year ending 31 December 2021.

JMI had on 28 December 2020, entered into a Sale of Shares Agreement with LCM Realty Sdn. Bhd., to acquire the entire equity interest in Cahaya Mutlak Sdn. Bhd. for a total purchase consideration of RM3,100,000/-. The proposed acquisition is for two (2) pieces of lands located at Mukim Sungai Buloh, Petaling Jaya, for additional storage of raw materials and finished goods. The said acquisition is pending completion as at date of this report.

CORPORATE SOCIAL RESPONSIBILITY

As a public listed company in Malaysia and a socially responsible corporate citizen, JAG has been steadfast in the commitment towards embracing the tenets of sustainability throughout the value chain. We aim to strike an ideal balance between People, Planet and Profit in the way we operate our business.

Our strategic direction and efforts towards sustainable practices during the year under review are detailed in the Sustainability Statement section of this Annual Report.

OUTLOOK

According to the International Monetary Fund (IMF), although recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus continue to pose concerns for the outlook.

Nevertheless, amid exceptional uncertainty, the global economy is projected to grow 5.5% in 2021 and 4.2% in 2022⁵. The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions and effectiveness of policy support.

⁵ <https://www.cnbc.com/2021/01/26/imf-world-economic-outlook-jan-2021-update-covid-variants-are-a-risk.html>

CHAIRPERSON'S STATEMENT

cont'd

Closer to home, Bank Negara Malaysia, in its recent Economic and Monetary Review 2020 report, has projected a domestic economic rebound of between 6% and 7.5% in 2021⁶, compared with a 5.6% contraction last year. Growth will be driven by a strong recovery in exports, higher private consumption, faster investment activity and progress in major infrastructure.

While the progressive roll-out of the Covid-19 vaccine will have a positive bearing on our outlook, we also expect that the pandemic will weigh significantly throughout the first half of 2021. Nonetheless, we remain optimistic as we foresee the E&E industry growing significantly this year.

In a recent report in February 2021, the Ministry of International Trade and Industry (MITI) said that Malaysia's exports jumped 17.6% year-on-year to RM87.57 billion⁷, underpinned by higher shipments of E&E products, rubber products and commodity-based products.

Due to the ever increasing in demand of semiconductor chips, as a result of current global supply shortage, we also expect an ever increasing demand of semiconductor chips to consistently increase as a result of higher use in multiple products including automotive and communications, keeping semiconductor demand at a strong pace for a considerable time.

These developments will contribute in a positive manner to our TWM business segment as it will support the volume of e-waste we procure from E&E players in Malaysia.

For the property industry, we expect the market to remain soft this year. This is despite the cautious optimism towards the nation's projected gradual economic recovery, with the resumption of market activity under the recovery MCO and the proposed measures under the National Economic Recovery Plan ("Penjana").

The pace of improvement will be dependent on both domestic and external factors such as global oil and commodity prices, as well as further developments related to the Covid-19 pandemic and vaccine. We will continue reviewing, monitoring and analysing the market conditions to ensure our projects meet the demand of homebuyers.

All in all, the Board of Directors and the Management Team of JAG will continue concentrating our efforts on improving productivity and operational efficiencies throughout our operations. While greater challenges might still lie ahead, we are fully confident that we will be able to turn in stronger results for the financial year ending 2021.

APPRECIATION

It goes without saying that the year 2020 was momentarily challenging, yet we have emerged intact. This is because of the unfailing dedication of all our management and employees. Despite the turmoil of the pandemic, our people have given their all to ensure we continued to operate safely. For this, I would like to express my heartfelt gratitude.

I am also deeply grateful to my fellow directors for their wise counsel and guidance, and their committed dedication to work together to steer the Group amidst the unexpected global storm.

On behalf of the Group, I would also like to thank our valued customers, business partners, relevant authorities and bankers for their continued support and faith in JAG.

We also extend our heartfelt gratitude to all frontliners, be it ours as well as those across the various sectors, who selflessly put themselves and their families at risk through their vocation.

Datin Stacey Tan Siew Ching
Chairperson

⁶ <https://www.bloomberg.com/news/articles/2021-03-31/malaysia-lowers-2021-growth-forecast-as-pandemic-delays-recovery>

⁷ <https://www.theedgemarkets.com/article/malysias-strong-exports-growth-expected-be-sustained-first-half-2021>

MANAGEMENT DISCUSSION AND ANALYSIS

“ A Year of embracing challenges, forging resilience ”

Dear Shareholders,

Insatiable global demand for E&E devices is creating the world’s fastest-growing waste stream. Regionally, Asia has reported the highest quantity of e-waste generated in 2019 at 24.9 metric tonnes (“MT”) with a formal collection and recycling rate of only 11.7%⁽¹⁾

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-waste remains our core business.

Overview of the Group

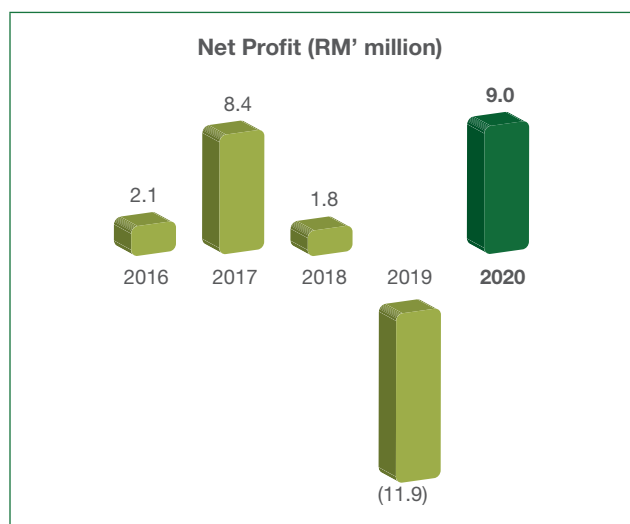
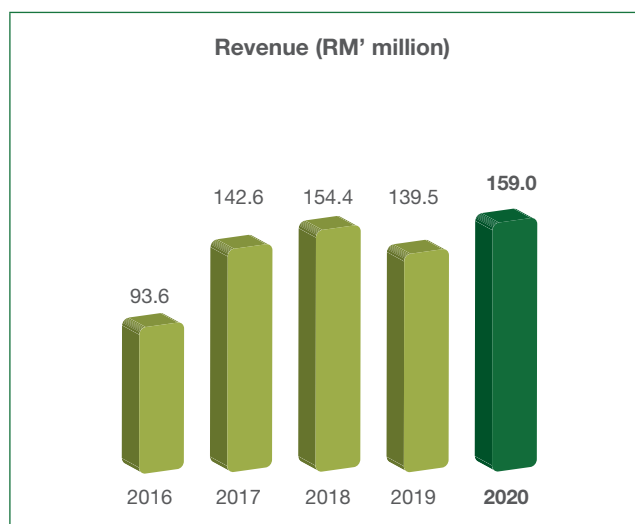
JAG’s business activities comprise of total waste management (“TWM”), coin-operated laundry services, property development, and investment holding through its subsidiaries.

As at today, JMI continues to be the main contributor to the Group, delivering a total of 91% to JAG’s revenue.

GROUP FINANCIAL PERFORMANCE

In 2020, the Covid-19 pandemic has wreaked havoc across all sectors and the well-being of most industries locally and internationally. Recovery of the global economy is very dependent on the speed of vaccine roll-out to arrive at the new normal. Fortunately, at JAG, we were relatively unscathed by the downturn as our e-waste operations were deemed to be an essential service.

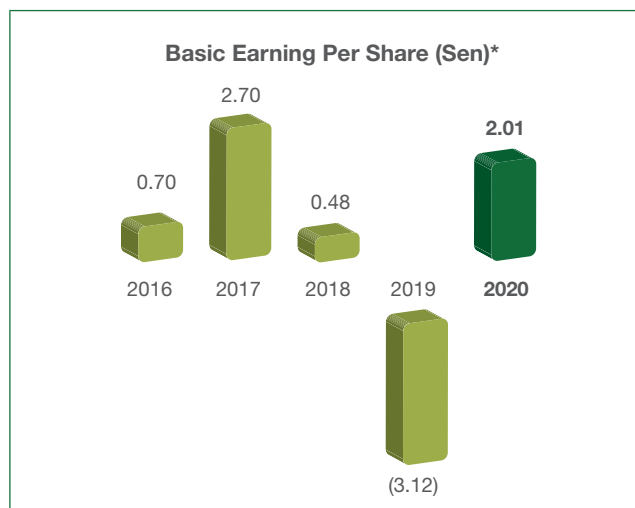
The five (5) years summary of the Group’s financial performance is as below:-



⁽¹⁾ <https://globalewaste.org/capacity-building/>

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



* Comparative EPS have been restated to reflect the adjustments arising from the share consolidation during FYE 2020.

REVENUE

In FYE 2020, the Group recorded the highest revenue since it was listed in December 2013 at RM159.0 million. It marked an increase of 14% or RM19.5 million compared with FYE 2019 of RM139.5 million.

The breakdown of the revenue as below:-

Segment	2020	2019	Variance
	RM'000	RM'000	RM'000
TWM	144,788	134,507	10,281
Investment holding	11,415	660	10,755
Services	2,688	3,796	(1,108)
IT	108	555	(447)

The growth in revenue of the TWM business segment was mainly due to the improved production capacity and greater procurement of e-waste supplies in the current financial year. The operations of the TWM business segment was temporarily halted during the first phase of MCO on 18 March 2020. However, the Company obtained the approval from the relevant authorities to resume its operations on 22 April 2020. Following this, the manufacturing production increased significantly catering to the extensive e-waste supplies and customer demand.

For the investment holding business segment, the significant increase in revenue was due to the disposal of quoted investment held, which simultaneously led to the increase in direct cost as corresponding cost of disposal had been recognised in the Statement of Comprehensive Income.

Unlike the TWM business segment, the services business segment driven by the coin-operated laundry business was affected by the pandemic. The implementation of various forms of MCO limited the operating hours of the laundry outlets. Furthermore, with the message of "Stay At Home", this had reduced the crowd at the laundry outlets.

NET PROFIT

The Group reported a turnaround net profit of RM9.0 million compared with a net loss of RM11.9 million in FYE 2019. The turnaround was mainly attributed to the TWM business segment as a direct result from improved production capacity and efficiency in FYE 2020 as well as appreciation of commodity prices throughout the year. Furthermore, the absence of recognition of impairment loss on investment property, plant and equipment and inventory written down in FYE 2019 also contributed to the turnaround.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Additionally, disposals of long term quoted investment held by the investment holding business segment during periods when the stock market was robust generated profits for the Group.

In contrast, the services business segment and property development business segment registered losses in FYE 2020. Current year loss in services segment was mainly due to the restriction of operation hours in response to the spread of Covid-19 pandemic. Fixed operating overhead costs of this business segment such as rental and staff costs remained despite low revenue generated.

The loss for property development business segment was mainly due to the development projects being at the preliminary stage, therefore generating no revenue.

TOTAL ASSETS AND LIABILITIES

The Group's total assets as at FYE 2020 rose by 13.7% or RM27.7 million to RM229.2 million as compared to RM201.5 million in FYE 2019. The said increase was mainly due to the recognition of additional capital investment in plant and equipment, increased inventory levels, other receivables, deposits and prepayments. The increased in liabilities of the Group mainly arising from the deferred tax liabilities recognised in the TWM business segment and increase in other payables and accruals. In FYE 2020, no additional borrowing has been incurred in the Group.

BUSINESS SEGMENT REVIEW

TWM Business Segment

JMI is one of the market leaders in the e-waste recovery business in Malaysia. JMI is also one (1) of thirteen (13) 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 the recycling process such as collection, transportation, processing and disposal of scheduled wastes.

The core activity of JMI is to procure scheduled waste from local semiconductor manufacturers, process and/or convert the collected scheduled waste into valuable commodities for resale.

During the Covid-19 pandemic, the E&E sector was identified as an essential service industry, thus the operation of the major semiconductor manufacturers were not significantly affected by the pandemic. In addition, the E&E sector has also been identified as a key sector in post Covid recovery⁽³⁾. The global demand for E&E products remained strong leading to most semiconductors companies operating at their peaks. This directly benefitted the Group as our revenue is determined by the output and strength of the E&E sector.

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 the following certifications:-

ISO 9001:2015

Certification for the trading, processing and recovery of ferrous, non-ferrous and precious metals.

ISO 14001:2015

Certification for the trading, processing and recovery of ferrous, non-ferrous and precious metals.

OHSAS 18001:2007

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

⁽²⁾ <https://eswis.doe.gov.my/>

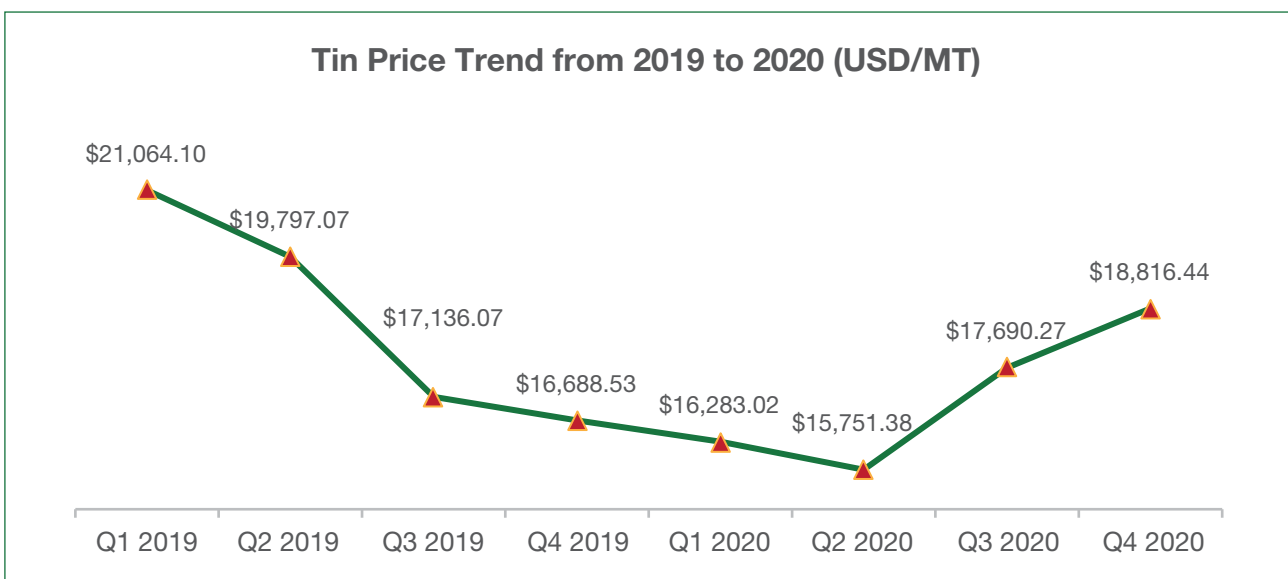
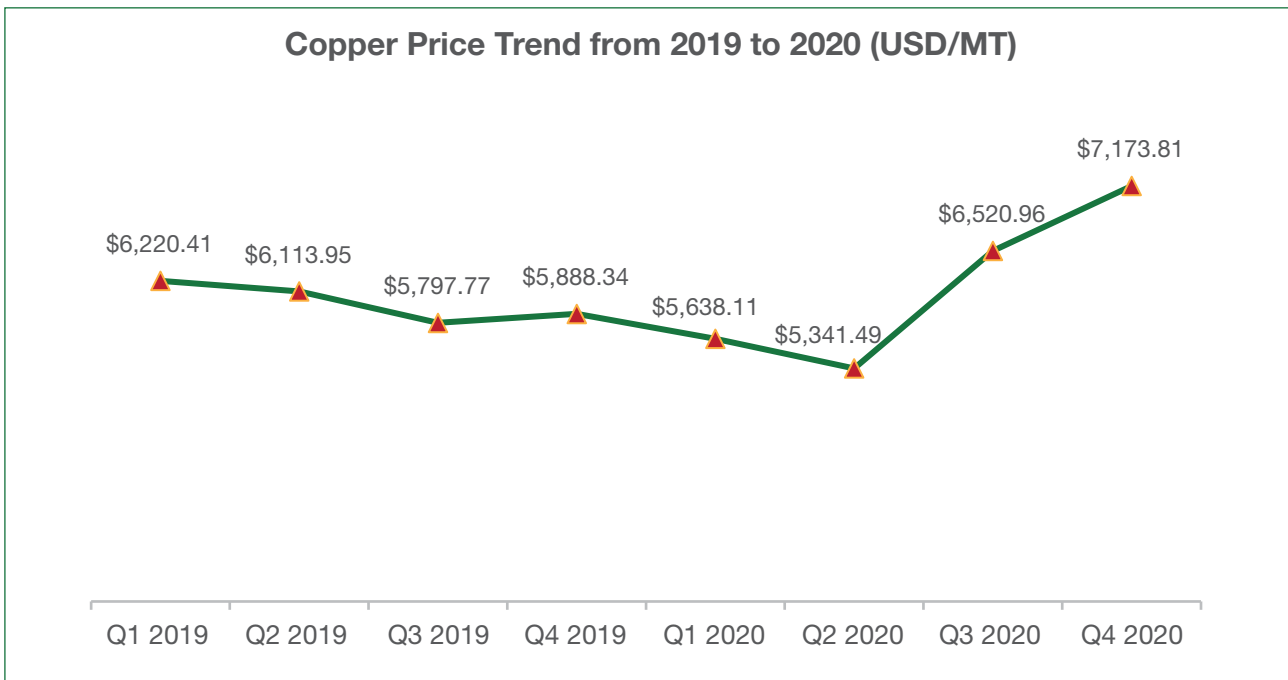
⁽³⁾ <https://themalaysianreserve.com/2020/06/18/ee-industry-a-key-sector-in-post-covid-recovery/>

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

The 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 processes. As a result from the improvement and additional capacity installed in the plant, JMI successfully posted higher margin for the year.

During the FYE 2020, 90.6% of JMI's sales revenue was derived from export markets to countries such as China, Japan and others. The commodities that were commonly traded by the Group were copper, tin, silver and gold. As such, fluctuations in exchange rates and commodity prices will continue to have a direct impact on the Group's financial performance and position. The fluctuation of major commodity prices in 2019 and 2020 are illustrated below:-



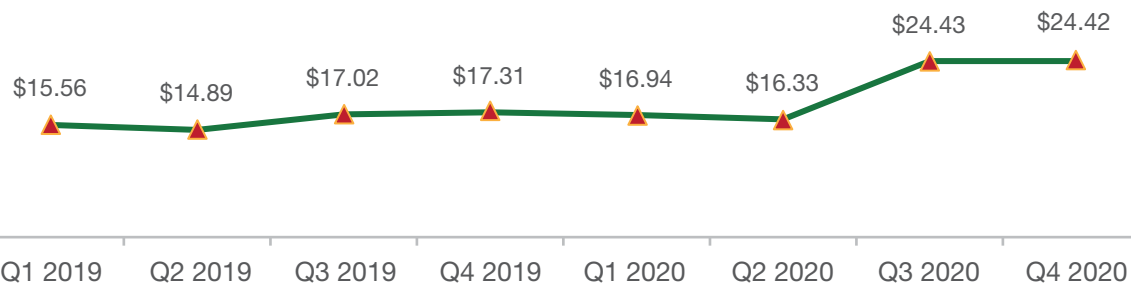
MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Gold Price Trend from 2019 to 2020 (USD/Ounce)

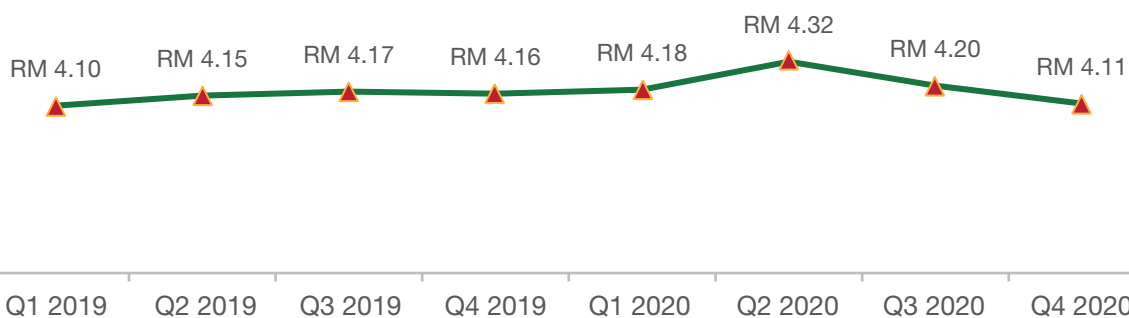


Silver Price Trend from 2019 to 2020 (USD/Ounce)



Source: Average price extracted from Argus Metal

Exchange Rate from 2019 to 2020 (USD 1: MYR)



Source: Average price extracted from Bank Negara Malaysia

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

According to World Bank Report in October 2020, metal prices jumped in the third quarter of 2020, reflecting a recovery in global industrial demand, largely driven by consumption in China, as Covid-19 restrictions eased and stimulus measures took effect. Copper prices jumped to the highest growth since mid of 2009 during the fourth quarter of 2020⁽⁴⁾.

Services Business Segment – 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 31 December 2020. The number of equipments for each outlet was determined by the experienced sales and marketing team based on market surveys, observations and experience.

FYE 2020 was a challenging year for this business segment as business operations were disrupted by the pandemic. This model of business is based on minimum manpower requirement with the ability to generate income via its 24 hours business operation.

By adhering to the Standard Operating Procedures (“**SOP**”) as announced by the authorities, we had to limit the operation hours of the outlets thereby impacting the income generation of this division whilst operation costs had also increased.

However, with the implementation of the National Covid-19 Immunisation Programme, the management believes the performance of this business segment will gradually recover. The management will continue to monitor this business segment with proper approach and strategies to ensure the sustainability of the segment.

Property Development Business Segment

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 formed subsidiary, JAG Prop Sdn. Bhd. (“**JAG Prop**”).

The concentration of this segment in FYE 2020 was on the development of a residential land in Kemuning Utama, Selangor. The development project comprised of fifty-one (51) units of three (3) storey and 2½ storey terrace houses. As at LPD, the development is pending for the approval of Advertising Permit and Developer License in order for the Company to publicly market the development project.

Covid-19 Pandemic Measures

The health and safety of our employees has always been the Group’s first priority. One of our key measures during the pandemic is to safeguard our employees’ well-being by embracing the use of digital media and video conferencing to replace physical meetings. We restricted visitors to the premises, adopted work from home mode of operation to those possible, aligning with the government’s SOP.

The Group also ensured that strict hygiene and all SOPs are adhered to in our workplaces. These include regular and enhanced cleaning of work-stations and common areas after every shift, regular chemical sanitisation, daily temperature monitoring of employees working on site and social distancing practices.

⁽⁴⁾ The World Bank – Commodity Markets Outlook 2020

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Prospects and Moving Forward

With the government's launching of the Immunisation Programme in February 2021 (Phase 1) for frontliners through to February 2022 (Phase 3) for adult population aged 18 years old and above, the economy is already on a recovery path.

Bank Negara had in its Annual Report 2020 stated, to expect the economy to return to pre-Covid levels by the middle of this year. Gross Domestic Product ("GDP") may expand 6% to 7.5% in FYE 2021⁽⁶⁾.

The nature of TWM business segment is highly dependent on its supply chain which is backed by E&E industry participants in particular semiconductors in Malaysia. The E&E industry in Malaysia remains robust as E&E sector is one of major contributors to the Malaysia economy and plays an essential role. The outlook for the global E&E are positive as represented by the Semiconductor Industry Association ("SIA"), the global semiconductor industry sales were USD40.0 billion for the month of January 2021, marked an increase of 13.2% over the January 2020 total of USD35.3 billion and 1.0% more than the December 2020 total of USD39.6 billion⁽⁶⁾.

The E&E local industry players have benefitted from the global E&E sector's encouraging performance. Closer to home, the government on 19 February 2021 unveiled the "Malaysia Digital Economy Blueprint – MyDigital" under which RM15 billion will be invested to roll out 5G nationwide over a period of ten (10) years⁽⁷⁾. This encouraging development will spur growth in E&E industry such as telecommunications and semiconductor industries, resulting in a positive effect on the Group.

Moving forward, TWM business segment will continue to be the major revenue and profit contributor to the Group in 2021. The Group will continue to emphasise on developing its key strengths of sourcing capabilities, and to invest heavily to improve the production capacity, efficiency and technology in order to remain at the forefront of the e-Waste recycling industry. The Group is committed on maintaining its financial resilience, led by strategic business strategies to improve operational efficiencies, optimise cost, as well as create stronger returns to shareholders.

On behalf of the Management,

Dato' Ng Meow Giak

Executive Director

⁽⁶⁾ <https://www.bloomberg.com/news/articles/2021-03-31/malaysia-lowers-2021-growth-forecast-as-pandemic-delays-recovery>

⁽⁶⁾ <https://www.semiconductors.org/global-semiconductor-sales-increase-13-2-year-to-year-in-january/>

⁽⁷⁾ <https://www.theedgemarkets.com/article/malaysia-digital-economy-blueprint-mydigital-blueprint-drive-malysias-highincome-nation>

PROFILES OF THE BOARD OF DIRECTORS

DATIN STACEY TAN SIEW CHING

*Chairperson and Executive Director
Malaysian, aged 52, Female*

Date of appointment as Director:

15 March 2011

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

10 years

Board Committee(s) Membership:

Member of Risk Management Committee

Academic/Professional Qualification(s):

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

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

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

Working experience:

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

Time committed:

Datin Stacey Tan attended all the five (5) Board of Directors' Meetings of the Company held in the FYE 2020.

DATO' NG MEOW GIAK

*Executive Director
Malaysian, aged 49, Male*

Date of appointment as Director:

5 December 2013

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

7 years 3 months

Board Committee(s) Membership:

Member of Risk Management Committee

Academic/Professional Qualification(s):

Upper secondary education, Form 5 in Malaysia

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

Dato' Ng does not hold any other directorship in other public companies or public listed companies, but Dato' Ng sits on the Board of several private companies.

Family relationship with any Director and/or major shareholder of the Company:

Dato' Ng is a major shareholder of the Company effective from 10 December 2013.

He is a brother to Dato' Ng Aik Kee and Mr. Ng Yaw Long.

Working experience:

Dato' Ng started his career in JMI from 1 January 1998 and has over 23 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 2020.

PROFILES OF THE BOARD OF DIRECTORS

cont'd

ROY THEAN CHONG YEW

*Independent Non-Executive Director
Malaysian, aged 50, Male*

Date of appointment as Director:

18 October 2010

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

10 years 4 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
- Teladan Setia Group Berhad

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. ("RB MBA") for another six (6) years, rising to the position of an Executive Director. In 2009, he left RB MBA 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 2020.

DATUK MD. HASSIM BIN PARDI

*Independent Non-Executive Director
Malaysian, aged 69, Male*

Date of appointment as Director:

26 August 2011

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

9 years 6 months

Board Committee(s) Membership:

- Chairman of Remuneration Committee
- Member of Audit Committee
- Member of Nomination Committee
- Member of Risk Management Committee

Academic/Professional Qualification(s):

- Honours degree in Bachelor of Arts, University of Malaya
- Diploma in Public Administration, University of Malaya

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

Ni

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 2020.

PROFILES OF THE BOARD OF DIRECTORS

cont'd

EWE CHUAN SENG

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

Date of appointment as Director:

13 August 2014

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

7 years and 2 months

Previous Appointment: 7 months

03.11.2010 to 20.06.2011

Current Appointment: 6 years and 7 months

13.08.2014 to present

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

Board Committee(s) Membership:

- Chairman of Nomination Committee
- Member of Audit Committee
- Member of Remuneration Committee
- Member of Risk Management Committee

Academic/Professional Qualification(s):

- Honours degree in Bachelor of Arts, Universiti Sains Malaysia
- LLB (Hons), University of East London
- Certificate of Legal Practice (CLP)
- Member of Chartered Institute of Arbitrators (CI Arb), United Kingdom

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

Nil

Working experience:

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

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

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

Time committed:

Mr. Ewe attended all the five (5) Board of Directors' Meetings of the Company held in the FYE 2020.

Notes:-

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

- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company; and
- 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 52, Female*

[Please refer to page 17 for profile of Datin Stacey Tan]

DATO' NG MEOW GIAK

*Executive Director
Malaysian, aged 49, Male*

[Please refer to page 17 for profile of Dato' Ng]

DATO' NG AIK KEE, THOMAS

*Managing Director, JMI
Malaysian, aged 51, 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, who is an Executive Director of the Company.

Working experience:

Dato' Thomas Ng joined JMI since 1 January 1998 and has over 23 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 45, 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 the brother to Dato' Ng Aik Kee and Dato' Ng Meow Giak. Dato' Ng Aik Kee is a major shareholder of the Company, whilst 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 21 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 50, 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 33, 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 Malaysian Institute of Accountants 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 45, 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 2020, which are available for public access on the Company’s corporate website at:-

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

The CG Report 2020 provides the detailed explanations on how JAG has applied each Practice as set out in the MCCG during the FYE 2020 and/or up to 15 March 2021, being the latest practicable date (where applicable) (hereinafter referred to as “Applicable Period”).

JAG’s CG Journey in Covid-19 Environment

The outbreak of Covid-19 pandemic has compelled the Board to grapple with the question of how to enhance resilience of the companies in the Group in a highly uncertain, volatile and inter-connected risk environment. Since the onset of Covid-19 last year, the Board has been closely monitoring not only the impact of the pandemic on global economy and the Group’s overall financial performance, but also on the general health and welfare of the Group’s staff and their families.

Agenda items and matters discussed at the Board and Board Committee meetings have been re-aligned accordingly, to address various issues and challenges which the Covid-19 brought forward. As Management continues to maintain its day-to-day business activities with adherence to the regulations laid down by the National Security Council (“MKN”) and/or Ministry of Health and/or local authority, 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 JAG’s corporate goals, notwithstanding the ever changing regulatory and volatile market environment.



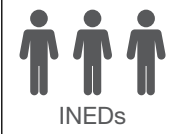
To ensure the Board continues to apply the best CG practices, during the Applicable Period, the Company Secretary had tabled to the Board, the Corporate Governance Monitor 2020 (“CG Monitor 2020”) issued by Securities Commission Malaysia (“SC”) on 8 October 2020. The CG Monitor 2020 presented SC’s observations on the best practices adopted by 868 listed companies for year 2019 as outlined in the MCCG.

The Company Secretary also briefed the Board on the findings of the CG Monitor 2020 in order for the Board to deliberate and review the CG performance of the Company viz-a-viz other listed companies, 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 (*ceased with effect from 1 July 2020*).

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

During the Applicable Period, the Government of Malaysia has instituted lockdown measures, known as MCO effective from 18 March 2020 to contain the outbreak of Covid-19 pandemic.

The Board has devoted certain time commitment during Board Meetings to review the impact of Covid-19 lockdown measures on the Group’s existing strategic objectives and its implementation strategies. These include addressing the work-from-home requirements of the staff of the Group.

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

In tandem with the work-from-home arrangements instituted for the staff of the Group, meetings of the Board/ Board Committees have been mainly conducted remotely. When quick decisions are required, they may be sought and obtained via circular resolutions.

For the FYE 2020, 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 2020 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 2020 and provided guidance to ensure that the assumptions made were realistic and applicable to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

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

I. BOARD RESPONSIBILITIES *cont'd*

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

(b) Review of Management's Proposals and Conduct of the Group's business *cont'd*

ii) Adoption of Anti-Bribery and Corruption Policy and Adequate Procedures pursuant to Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 ("Act")

The MACC (Amendment) Bill 2018 that was first tabled in the Malaysian Parliament on 26 March 2018 had been passed and gazetted on 4 May 2018 as the MACC Amendment Act 2018. It had been announced that the corporate liability took effect on 1 June 2020. The corporate liability is mandatory to ensure that the Company is ready and complies with the Act.

The Company appointed external advisor to assist the Company on the corporate liability provisions and adequate procedures pursuant to the requirements as per the amendments made to the Act.

The Anti-Bribery and Corruption Policy, together with the adequate procedures were adopted by the Company during FYE 2020.

iii) Proposed Share Consolidation of Every Four (4) Existing Ordinary Shares in the Company into One (1) Ordinary Share in the Company ("Proposed Share Consolidation")

A Proposed Share Consolidation was proposed by the Management to the Board for consideration in view that the Company had a large number of shares in issue and a relatively low trading price range wherein a small movement in the Company's share price may result in a large percentage movement in the share price. Consolidating the shares in the Company would lead to a reduction in the number of the Company's shares available in the market and potentially reduce the volatility of the trading price for the Company's shares.

After having consideration all aspects of the Proposed Share Consolidation by the Board, the Company had on 16 June 2020 announced to undertake the Proposed Share Consolidation.

The shareholders had at the Extraordinary General Meeting held on 5 August 2020 approved the Proposed Share Consolidation and the same was deemed completed on 25 August 2020 upon listing of and quotation for 454,649,892 consolidated ordinary shares and 48,690,123 consolidated Warrants B (2017/2020) on ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

iv) Proposed Private Placement of up to 20% of the total number of issued shares in the Company ("Proposed Private Placement")

Bursa Securities had on 16 April 2020 announced an interim relief measure, which allows listed corporations to seek a higher general mandate under Rule 6.04 of the ACE Market of Bursa Securities of not more than 20% of the total number of issued shares of the listed corporations ("**20% General Mandate**") and the Company had at the Twenty-Second Annual General Meeting held on 5 August 2020 sought its shareholders' approval for authority to issue shares pertaining to the aforesaid 20% General Mandate.

The proposal on Proposed Private Placement was thereafter tabled by the Management to the Board for consideration, for the purpose of raising funds primarily for the Group's working capital and purchase of machinery for total waste management ("**TWM**") business segment.

Upon reviewing by the Board and deemed appropriate, the Company had on 16 October 2020 announced to undertake the Proposed Private Placement utilising the 20% General Mandate.

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 Tan Siew Ching, Stacey (“**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	Operations 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 Group Governance practice, 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 includes 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) Evolving the Risk Management Function

The Board noted the Covid-19 pandemic has caused additional challenge of connecting rapidly-deployed crisis management processes with governance and risk management arrangements.

Management has applied for the resumption of business operations of JMI during the MCO period from the Ministry of International Trade and Industry (“**MITI**”). Whilst awaiting for MITI’s approval, the Board has on 20 April 2020 approved the formation of a Covid-19 Respond Committee the term of reference to oversee the implementation of preventive procedures against the spread of Covid-19 pandemic at workplace.

CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

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

I. BOARD RESPONSIBILITIES *cont'd*

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

(d) Evolving the Risk Management Function *cont'd*

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 2020 Annual Report.

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

A critical function of the Board has always been to understand and mitigate business risk. Consequently, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

I. BOARD RESPONSIBILITIES *cont'd*

3. Separation of the positions of the Chairperson and Chief Executive Officer *cont'd*

- (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.

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 2020**, which are available for viewing on the Company's corporate website at www.jagb.com.my.

For FYE 2020, 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 2020.

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 2020, 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 2020, 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 2021.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

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

I. BOARD RESPONSIBILITIES *cont'd*

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

The 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.

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.

Enhanced definition of INED

Bursa Securities has enhanced the definition of the "cooling-off" period for INED from two (2) years to three (3) years with effect from 1 October 2020. Arising thereof, the Board has adopted such enhancement by updating the Board Charter.

The latest Board Charter 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*

I. BOARD RESPONSIBILITIES *cont'd*

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
- (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. The Code was last reviewed and adopted by the Board on 8 April 2021.

The recent review by the Board was to enhance the anti-bribery and anti-corruption in the Group to be in line with the Anti-Bribery and Corruption Policy which the Company adopted with effect from 1 June 2020.

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*

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.

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

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

AC Chairman

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

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

(1) ED (JAG Group)

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

(2) ED (TWM Division)

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

(3) Head of Human Resources

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

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

Senior INED

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

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

I. BOARD RESPONSIBILITIES *cont'd*

8. Whistleblowing Procedures *cont'd*

For FYE 2020, none of the designated persons have received any report or concerns vide the abovementioned communication and feedback channels.

In conjunction with the Anti-Bribery and Corruption Policy (“**ABC Policy**”) which has been adopted by the Company with effect from 1 June 2020, the Board has encouraged the use of the Group’s whistleblowing channel in relation to any suspected corruption incidents or inadequacies in the anti-bribery and corruption programme.

Subsequently, with the recommendation from the Risk Management Committee, the Board has also nominated the following senior management personnel as the Compliance Officers, to monitor the adequacy and operating effectiveness of the ABC Policy and would be tasked to review its implementation on a regular basis, including its suitability, adequacy and effectiveness:-

Name	Designation
Mr. Kek Beng Soon	Financial Controller, JAG Group
Mr. Goh Chee Hong	Finance Manager, JMI

The Board also nominated the following persons as the communication point for whistleblowing purpose:-

Name	Designation
Mr. Roy Thean Chong Yew	Independent Non-Executive Director
Mr. Ng Yaw Long	Operation Director, JMI

II. BOARD COMPOSITION

1. Size and Composition of the Board

For FYE 2020, 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 MCGG.

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

2. Tenure of Independent Directors

The 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

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

II. BOARD COMPOSITION *cont'd*

2. Tenure of Independent Directors *cont'd*

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, whereby Datuk Md. Hassim Bin Pardi (“**Datuk Hassim**”), who was appointed as an INED of the Company on 26 August 2011, both of them have 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 and Datuk Hassim’s professional qualifications and experience (as illustrated in the profiles of Directors of Mr. Roy Thean and Datuk Hassim in the 2020 Annual Report), both of them have held illustrious careers in their respective fields.

Prior to making recommendation to the shareholders at the AGM on the retention of Mr. Roy Thean and Datuk Hassim as INEDs of the Company, the Board had vide the NC, assessed the independence of Mr. Roy Thean and Datuk Hassim, and regarded them to be independent, based on the following justifications:-

- They have fulfilled the criteria under the definition of an Independent Director pursuant to the ACE LR;
- They are 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 and Datuk Hassim could have with the Company as they have not entered into any contract or transaction with the Group;
- There are significant advantages to be gained from long-serving Independent Directors as they have many years of experience with incumbent knowledge of the Company and the Group’s activities and corporate history, and have provided invaluable contributions to the Board in their roles as INEDs; and
- Notwithstanding of their more than nine (9) years on the board, they remain impartial and actively voice out their opinions, challenges Management’s assumptions and provide sound advices to the Board/ Management where relevant.

With their 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 of diverse perspectives, as well as insight can continuously be met by having Mr. Roy Thean and Datuk Hassim remained on Board as INEDs.

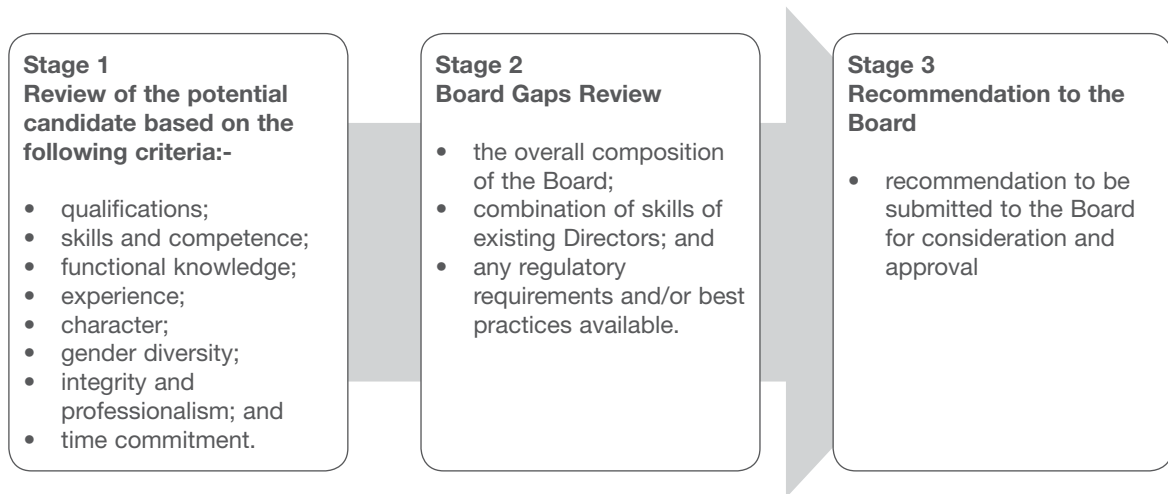
CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

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

II. BOARD COMPOSITION *cont'd*

3. Procedures for Appointment of Directors and Senior Management

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 Bin Pardi, 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 2020, 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 2020.

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 2020, 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 2020:-

- (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 2019 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 had attained a cumulative term of nine (9) year term limit.
- (xi) Recommended to the Board, the retention of Datuk Hassim as an INED of the Company whose tenure of an independent Director would have reached nine (9) year term limit.
- (xii) Reviewed the training programmes attended by the Directors in year 2019 and identified the training needs of the Directors for FYE 2020.
- (xiii) Assessed the suitability of the Director(s) who will be standing for the re-election at the 22nd Annual General Meeting of the Company held in 2020 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 2020 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	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*

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)	1/1	100.00
Mr. Roy Thean Chong Yew	1/1	100.00
Mr. Ewe Chuan Seng	1/1	100.00

RMC Meeting

Name of Directors	Number of Meeting Attended/Held	%
Mr. Roy Thean Chong Yew (Chairman)	3/3	100.00
Datuk Md. Hassim Bin Pardi	3/3	100.00
Mr. Ewe Chuan Seng	3/3	100.00
Datin Tan Siew Ching	3/3	100.00
Dato' Ng Meow Giak	3/3	100.00

The attendance of AC Meetings held during FYE 2020 is stated in the **AC Report** in this 2020 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 2020.

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**

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 as at LPD, the Directors had participated in the following training programmes:-

Dates	Description of Training Programmes
Datin Stacey Tan Siew Ching	
25/06/2020	Merger & Acquisition: Getting it right & Making it work
29/06/2020	Anti-Bribery Management Systems (ABMS)
14/07/2020	Assessing Financial Risks During Business Uncertainty
13/08/2020	Key Disclosure Obligations of a Listed Company – Financial Reporting
Dato' Ng Meow Giak	
29/06/2020	Anti-Bribery Management Systems (ABMS)
Mr. Roy Thean Chong Yew	
28/04/2020	COVID-19: The Ultimate Governance Challenge
08/05/2020	Supporting Workforce Physical & Mental Health
12/05/2020	Governance in the New Norm
29/05/2020	Mind the GAP: Audit your Anti-Bribery & Corruption Programme Effectively
15/09/2020	Go Beyond Excel to Analyse Your Data
22/09/2020	Automatic Exchange of Information
Mr. Ewe Chuan Seng	
26/02/2021	Q&A Session on Share Sale Transactions
Datuk Md. Hassim Bin Pardi	
29/06/2020	Anti-Bribery Management Systems (ABMS)

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*

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 2020 were adequate.

2021 Training Needs of the Directors

During the Applicable Period, the NC has conducted a review of the training needs of the Directors for FYE 2021. Upon review, the NC would encourage the Directors to attend more than one (1) continuing education programme in year 2021, 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 2020 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 2020 are stated in the AC Report of this Annual Report.

- **RMC**

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

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

The SIS Option Committee was formed to administer the share issuance scheme established by the Company since 1 July 2015, for a period of five (5) years and expired with effect from 1 July 2020.

The composition of the SIS Option Committee as of 30 June 2020 was 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 as of 30 June 2020 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.

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

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 2020, 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 2019:-

(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 2020, 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 2020, the NC is satisfied with the performance of the individual Directors for FYE 2019.

(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 2020, for the NC's review.

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 was satisfied with the effectiveness of the Board and the Committees for FYE 2019, and acknowledged that the Board of Directors and Board Committees have discharged their duties according to their respective Board Charter and Terms of Reference.

CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

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

II. BOARD COMPOSITION *cont'd*

7. Annual Assessment on Independence of Directors

The Board, through the NC, carried out an annual assessment of the independence of the INEDs during FYE 2020.

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 had 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 Hassim
- Mr. Ewe

Based on the outcome of the abovementioned assessment conducted by the NC for the FYE 2020, the Board was 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.

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 2020, the NC conducted assessment on Dato' Ng Meow Giak and Mr. Ewe Chuan Seng ("**Retiring Directors**") who would retire by rotation at the 22nd AGM of the Company held in 2020 pursuant to Clause 21.6 of the Constitution of the Company, 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 22nd AGM. Both the Retiring Directors have been re-elected by the shareholders at the 22nd AGM held in 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

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

II. BOARD COMPOSITION *cont'd*

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 Meetings held in year 2019.
- (ii) Deliberated on the remuneration package of the Executive Directors for FYE 2020 and recommended the same to the Board for approval.
- (iii) Reviewed the Directors’ fees payable to the Directors of the company for the FYE 2020 and recommended the same for the Board for consideration.
- (iv) Reviewed the benefits payable to the Directors of the Company for the period from 6 August 2020 until the next AGM of the Company to be held in year 2021 and recommended the estimated quantum to the Board for consideration.
- (v) Reviewed the remuneration package of the top five (5) senior management of the Group for FYE 2020.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

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

II. BOARD COMPOSITION *cont'd*

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 2020, 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 Tan Siew Ching	-	-	-	-	-
Dato' Ng Meow Giak	-	-	-	-	-
Total	-	-	-	-	-
Non-Executive Directors					
Datuk Hassim Bin Pardi	-	42,000	-	8,500	50,500
Ewe Chuan Seng	-	42,000	-	8,500	50,500
Roy Thean Chong Yew	-	52,800	-	7,000	59,800
Total	-	136,800	-	24,000	160,800

Received on Group Basis

Name of Director	Salaries RM	Fees RM	Benefits- in-kind RM	Others RM	Total RM
Executive Directors					
Datin Tan Siew Ching	505,000	-	31,150	12,000	548,150
Dato' Ng Meow Giak	505,000	-	15,500	-	520,500
Total	1,010,000	-	46,650	12,000	1,068,650
Non-Executive Directors					
Datuk Hassim Bin Pardi	-	42,000	-	8,500	50,500
Ewe Chuan Seng	-	42,000	-	8,500	50,500
Roy Thean Chong Yew	-	52,800	-	7,000	59,800
Total	-	136,800	-	24,000	160,800

Note: Salary include bonus

CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

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

II. BOARD COMPOSITION *cont'd*

12. Remuneration of top five (5) senior management

The top five (5) senior management includes two (2) 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 2020, reviewed and assessed the remuneration package of the top five (5) senior management in respect of the FYE 2020.

The RC is of the view that the level of remuneration package of the top five (5) senior managements in respect of FYE 2020 is fair and reasonable to retain and reward the talents and is competitive in the relevant market and industry.

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 2020 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.

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

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 2020.

During FYE 2020, the AC carried out the annual assessment and in its assessment, the AC considered, inter alia, the following factors:-

For “**suitability**” assessment:-

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

For “**objectivity**” assessment:-

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

For “**independence**” assessment:-

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

The AC noted for the FYE 2020, 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 2020. The Board has in turn, recommended the same for shareholders’ approval at the 22nd AGM of the Company held in 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

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

I. AUDIT COMMITTEE *cont'd*

4. Skillsets of AC

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

During FYE 2020, 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 of Risk Management and Internal Control*** of this Annual Report.

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 2020, 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 2020.

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.

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*

Internal Controls

The internal controls were tested for effectiveness and efficiency four (4) cycles during FYE 2020 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 2020, 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. ("**NGL Tricor Governance**"). 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.

In November 2020, Tricor Axcelasia Sdn. Bhd. (formerly known as Axcelasia Columbus Sdn. Bhd.) ("**Tricor Axcelasia**") announced its acquisition of the remaining 60% equity of NGL Tricor Governance, in line with the objective to expand the strategic business advisory division under Tricor Malaysia. Subsequent to the aforesaid acquisition, the outsourced internal auditors of the Company will be undertaken by Tricor Axcelasia.

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

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

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

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

During FYE 2020, the AC reviewed and assessed the adequacy of the scope, functions, competency and resources of the internal audit function of the Group for the FYE 2019 and the internal audit function performed by the internal auditors was satisfactory and adequate.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

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

I. COMMUNICATION WITH STAKEHOLDERS *cont'd*

1. Communication with Stakeholders *cont'd*

(d) **Corporate Website** *cont'd*

Publication of Notice of AGM on corporate website

Pursuant to Section 320(2) of the Companies Act 2016, a copy of the Notice convening the 23rd AGM together with the proxy form are available at the corporate website of JAG Berhad at <http://www.jagb.com.my>.

(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
27/02/2021	Profiting from e-waste from <i>The Star</i>	News Release	Public
02/02/2021	回收电子垃圾重新处理 - JAG资源再循环商机大 <i>Sin Chew Daily</i>	News Release	Public
23/02/2020	Big stride forward for JAG from <i>The Edge</i>	News Release	Public
24/08/2020	Bright Prospects for JAG Berhad	Press Release	Public
06/08/2020	JAG Berhad on Strong Footing for FY2020	Press Release	Public
06/08/2020	JAG Berhad to Capitalise on Renewable Energy Sector	Press Release	Public
29/05/2020	A Solid Start for JAG Berhad	Press Release	Public
25/02/2020	JAG Berhad Successfully Turnaround Q4 FY2019	Press Release	Public

II. CONDUCT OF GENERAL MEETINGS

(a) **Notice of AGM**

The Notice of the 22nd AGM held in 2020 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, the Company took extra steps to also include explanatory notes to the ordinary business of the 22nd AGM, facilitating full understanding and evaluation of issues involved in the proposed resolutions.

(b) **Directors' Commitment**

There were two (2) general meetings held in 2020, i.e. 22nd AGM and Extraordinary General Meeting (hereinafter referred to as "**General Meetings**").

All the Directors attended and participated at the General Meetings of the Company, to engage with the shareholders personally and proactively.

The proceedings of the General Meetings included the presentation of financial statements to the shareholders in the 22nd AGM and question-and-answer session in the General Meetings, invited shareholders to raise questions before putting resolutions to vote.

CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

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

II. CONDUCT OF GENERAL MEETINGS *cont'd*

(b) Directors' Commitment *cont'd*

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 received by the shareholders from the Board in the General Meetings.

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 notices of General Meetings held last year, the resolutions tabled at the General Meetings 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.

KEY CG FUTURE PRIORITIES FOR FINANCIAL YEAR ENDING 31 DECEMBER 2021

(1) **Business Sustainability amid Covid-19 pandemic**

The Board will need to have clarity around the shifting nature of business risk to ensure business continuity. Historically, the Board focuses on the risk to shareholders' value. With the Covid-19 pandemic and the introduction of MACC Act, the Board acknowledges that it would have to focus on risks to a broader set of stakeholders, including, but not limited to, the relevant authority(ies) in order to ensure the business sustainability of the Group.

(2) **Strengthening the Group's overall CG Framework**

As promulgated by the SC on the importance of a formal group governance structure to enhance good governance culture and practices within the Group, of which the Company has already carried out certain group governance practices judiciously, the Board will be looking at formalising a group governance framework for the FYE 2021.

CONCLUSION

The Board is satisfied that, it complies substantially with the Practices of the MCCG throughout FYE 2020.

This CG Overview Statement and the CG Report are made in accordance with the resolution passed by the Board of Directors on 8 April 2021.

SUSTAINABILITY STATEMENT 2020

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 2020 is mainly for our flagship subsidiary, JMI, given that this business unit contributes approximately 91% to the Group's revenue in FYE 2020.

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 business segment. As at present, the Group has diversified to industries such as property development, property investment and coin-operated laundry businesses.

SUSTAINABILITY STATEMENT 2020

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 boards and integrated circuit (IC) lead frames from semiconductor manufacturers.

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, professional 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. At JMI, we are constantly able to achieve approximately 95% utilisation of the e-waste collected across the manufacturing process.

As part of the Group's ongoing efforts on environmental sustainability, JMI invested RM1 million on a rooftop solar photovoltaic ("PV") power plant at our headquarter building. This generates renewable energy for self-consumption and reduces carbon emission. The capacity of the PV solar plant installed is 399.6 kWp and is expected to generate 510,489kWh yearly resulting in an approximately saving of RM238,908 yearly electricity bills and a reduction of CO² emission of 354 tonnes per year. As at LPD, the construction of the Solar Power Irradiation system has been completed.



SUSTAINABILITY STATEMENT 2020 cont'd

ENVIRONMENTAL SUSTAINABILITY *cont'd*

The Group has converted diesel-based machineries and equipments to using natural gas. The conversion does not only benefit the Group financially but also for 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.

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 the prior years, the Group have actively participated in road shows and/or events organized to play an educational role to the public on the importance of e-waste recycling. However, during the outbreak of the Covid-19 pandemic, public events had been prohibited and restricted by the relevant authorities.

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.

SUSTAINABILITY STATEMENT 2020 cont'd

SOCIAL AND WORKPLACE RESPONSIBILITY AND SUSTAINABILITY cont'd

Workplace Responsibility and Sustainability cont'd

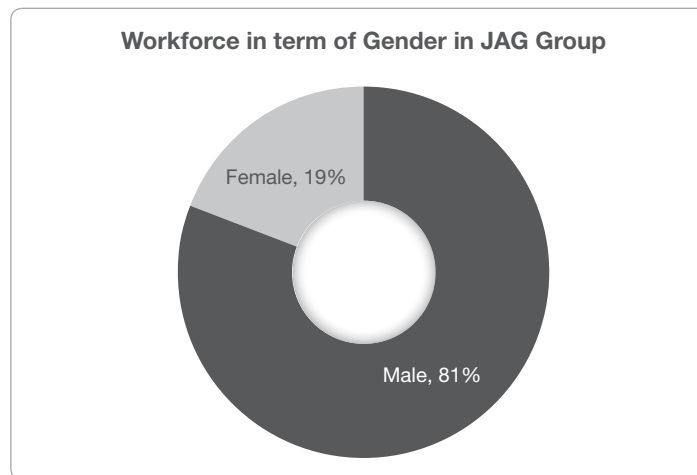
B. Workplace Diversity

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.

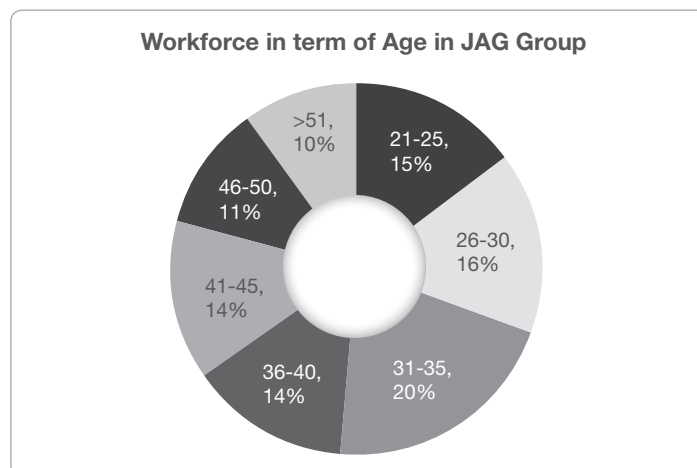
Gender diversity

As at the LPD, the Group had achieved a ratio of 81:19 in the workforce of the Group in terms of Male:Female.



Age diversity

As at the LPD, 31% of our employees belong to the age group from 21 to 30 with the next largest age group being those aged from 31 to 40 (25%). The Group's age demographic broadly reflects the younger age employees form the majority of the workforce.



SUSTAINABILITY STATEMENT 2020 cont'd

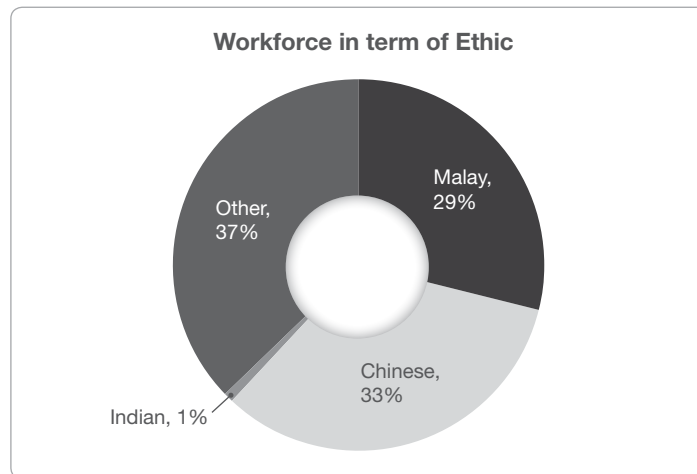
SOCIAL AND WORKPLACE RESPONSIBILITY AND SUSTAINABILITY cont'd

Workplace Responsibility and Sustainability cont'd

B. Workplace Diversity cont'd

Ethnicity diversity

As at the LPD, employees of Chinese and Malay ethnicities constituted the largest workforce of the Group at 33% and 29% respectively, with the Non-Malaysian ethnicity employees being the next largest workforce at 37%, followed by Indian ethnicity employees at 1%. Notwithstanding so, the Group's Human Resources Department has been instructed to ensure a well balance hiring of employees during their recruitment process.



C. Healthy and safe working environment

The Covid-19 pandemic outbreak poses new challenges to the work culture and business environment. The Group has implemented all the relevant preventive measures in compliance with the government guidelines and additional SOPs as advocated by our local authorities. A Covid-19 Respond Committee comprising of all heads of departments including a environmental, safety and health officer has been formed to ensure efficiency in transmission of information and adherence of SOPs.

Together with the SOPs such as temperature checks, contact tracing, wearing of masks, social distancing, hand hygiene and regular sanitising, other preventive measures that we have implemented at our premises include:-

- Displaying the relevant information/notices on prevention and procedures within the offices, warehouses and production areas;
- Monthly distribution of free masks to all staff;
- Unlimited refill of sanitisers to staff;
- Restriction of non-essential site visits and visitors; and
- Rotation of staff working from home where possible.

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 2020, 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.

SUSTAINABILITY STATEMENT 2020

cont'd

SOCIAL AND WORKPLACE RESPONSIBILITY AND SUSTAINABILITY *cont'd*

Workplace Responsibility and Sustainability *cont'd*

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.

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 2019

The Company had on 13 December 2019 and 30 December 2019 respectively announced its first and second tranches of the private placements of a total of 302,875,000 new ordinary shares (“**Placement Shares**”) (“**Private Placement 2019**”), for a total cash consideration of RM9,495,875/-.

As of LPD, the status of utilisation of proceeds raised from the Private Placement 2019 is as follows:-

	Status of utilisation	Proposed utilised RM'000	Amount utilised RM'000	Amount unutilised RM'000
Property development cost	Partially	2,000	1,183	817
Purchase of machinery	Fully	3,870	3,870	-
Working capital	Fully	3,366	3,366	-
Estimated expenses in relation to the Private Placements	Fully	260	260	-
Total		9,496	8,679	817

(B) Private Placement 2020

The Company had on 20 November 2020, completed the issuance and listing of 89,460,000 new ordinary shares in the Company and raised a gross proceeds of RM12,542,292/- (“**Private Placement 2020**”).

As of LPD, the status of utilisation of proceeds raised from the Private Placement 2020 is as follows :-

	Status of utilisation	Proposed utilised RM'000	Amount utilised RM'000	Amount unutilised RM'000
Purchase of machinery for total waste management division	Partially	2,500	860	1,640
Working capital	Fully	9,933	9,933	-
Estimated expenses in relation to the Private Placement 2020	Fully	109	109	-
Total		12,542	10,902	1,640

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.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

3. AUDIT AND NON-AUDIT SERVICES

For the FYE 2020, 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 2020	40,000	126,000
Non-audit services rendered		
Tax fees in respect of FYE 2020	4,500	31,600
Review of the Statement on Risk Management and Internal Control for Annual Report 2020	5,000	5,000
Total	49,500	162,600

4. MATERIAL CONTRACTS INVOLVING INTEREST OF DIRECTORS, CHIEF EXECUTIVE WHO IS NOT A DIRECTOR OR MAJOR SHAREHOLDER

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

5. SHARE ISSUANCE SCHEME ("SIS")

At an Extraordinary General Meeting held on 15 June 2015, shareholders of the Company have approved the establishment of SIS together with its By-Laws with effect from 1 July 2015 for a period of five (5) years.

The SIS expired on 1 July 2020 ("the Expiry Date"). The information in relation to the SIS as at 30 June 2020, was as follows:-

Details	Number of SIS Options as of 30 June 2020
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 and expired	31,799,353
SIS Options Granted to the Directors and Chief Executive	
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 and expired	15,072,911

ADDITIONAL COMPLIANCE
INFORMATION
 cont'd

5. SHARE ISSUANCE SCHEME ("SIS") *cont'd*

SIS Options Granted to the Directors and Senior Management	Number of SIS Options (As of 30 June 2020)	Number of SIS Options (Since commencement of SIS until 30 June 2020)
Aggregate maximum allocation applicable to Directors and senior management in percentage	0%	60%
The actual percentage granted to them	0%	46%

For the period from 1 January 2020 to 30 June 2020, being the Expiry Date, none of the SIS Options was offered to the Non-Executive Directors ("**NED**") and none of the NED 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 2020, in compliance with Rule 15.15(1) of the ACE LR of Bursa Securities and the MCGG.

AUTHORITY

Pursuant to Section 4(c)(a) of the Board Charter, the Board has established an AC to assist the Board in discharging its statutory duties and responsibilities relating to accounting and practices of the Group. In addition, the AC also assisted in fulfilling the Board's stewardship accountability to its shareholders and financial stakeholders. The AC is committed to its role in ensuring the integrity of the Group's financial reporting process and monitoring the management of risk and system of internal controls, external and internal audit process, and such other matters that may be specifically delegated to the AC by the Board.

Compliance Dashboard

The AC is pleased to provide below a snapshot of the key CG compliance by the AC for the FYE 2020:-

MCCG Practice	Applications by JAG
<p>Practice 8.1 Chairman of the Audit Committee is not chairman of the Board</p>	<p>Chairperson of the Board</p>  <p>Datin Stacey Tan</p> <p>Chairman of Audit Committee</p>  <p>Mr. Roy Thean</p>
<p>Step-up Practice 8.4 The Audit Committee comprises solely of independent directors</p>	<p>√ The Audit Committee comprises solely of three (3) INEDs</p>  <p>INEDs</p>

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.

AUDIT COMMITTEE REPORT cont'd

COMPOSITION *cont'd*

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

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

The Nomination Committee had on 22 February 2021, 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 2020.

Upon review, the Nomination Committee is satisfied with the overall performance of the Audit Committee and its individual members for FYE 2020. 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 MCCG, 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.

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 2021. The Board, thereafter, has recommended the same for shareholders' approval at the forthcoming 23rd AGM of the Company.

MEETINGS AND ATTENDANCES

The Audit Committee held a total of five (5) meetings during the FYE 2020 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

AUDIT COMMITTEE REPORT

cont'd

MEETINGS AND ATTENDANCES *cont'd*

The lead audit partner of the external auditors responsible for the Group had attended three (3) Audit Committee Meetings held in FYE 2020.

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 2020, 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 8 April 2021, 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.

SUMMARY OF WORKS

During the FYE 2020, 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 2019, 31 March 2020, 30 June 2020 and 30 September 2020 and recommended the same for the Board's approval.
- Reviewed the annual budget of the Group for FYE 2020 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 2019 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.

AUDIT COMMITTEE REPORT cont'd

SUMMARY OF WORKS *cont'd*

2. Oversight of External Auditors

- Received the Audit Progress Memorandum prepared by the external auditor for the FYE 2019, covering matters to highlights, key audit matters and significant outstanding information/documents from the audit field works.
- Reviewed the Audit Planning Memorandum for the FYE 2020 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.
- Reviewed 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 2020, including any significant issues and concerns arising from the audit.
- Reviewed the statutory audit fees for FYE 2020 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 2020 and approved for adoption of the same by the Group throughout FYE 2019.
- Reviewed the Internal Audit Reports for the FYE 2019 and FYE 2020 and assessed the internal auditors’ findings and the management’s responses and made the necessary recommendations to the Board for approval.
- Reviewed the progress updates on the follow-up review of the previous Internal Audit Reports.
- Reviewed and assessed the adequacy of the scope, functions, competency and resources of the internal audit function in respect of 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, Additional Compliance Information, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement for inclusion in the Annual Report 2019.
- Deliberated and noted the key observations of the internal audit function of the Company as well as the accompanying findings of the thematic reviews and key takeaways, issued by Bursa Securities.

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

- Reviewed the summary of allocation of options pursuant to SIS on quarterly basis.
- Verified that there was no allocation of options pursuant to the SIS by end of second quarter of the financial year as being in compliance with the criteria disclosed to the employees.
- Concurred with the recommendation of the SIS Committee and recommended the same to the Board for not extending the SIS upon its expiry on 1 July 2020.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS *cont'd*

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.

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.

In November 2020, Tricor Axcelasia Sdn. Bhd. (formerly known as Axcelasia Columbus Sdn. Bhd.) ("**Tricor Axcelasia**") announced its acquisition of the remaining 60% equity of NGL Tricor Governance Sdn. Bhd. in line with the objective to expand the strategic business advisory division under Tricor Malaysia. Subsequent to the aforesaid acquisition, the outsourced internal auditors of the Company have since been undertaken by Tricor Axcelasia.

For FYE 2020, the engagement team personnel from Tricor Axcelasia had 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 2020

During FYE 2020, 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.
- Reviewed and assessed the key observation of the internal audit function of listed issuers as well as the accompanying findings of the thematic reviews and key takeaways, issued by Bursa Securities.

AUDIT COMMITTEE
REPORT
cont'd

INTERNAL AUDIT FUNCTION *cont'd*

(2) Summary of Works of the Internal Audit Function for FYE 2020 *cont'd*

For FYE 2020, the following areas of the Group have been successfully audited by Tricor Axcelasia in accordance with the risk-based audit plan adopted:-

Name of Audited Subsidiary	Audit Area/ Function	Tabling of Internal Audit Report
JMI	<u>Review on Quality Assurance (“QA”)/Quality Control (“QC”) Function</u> <ul style="list-style-type: none"> • QA/QC Inspection Process (Incoming work in-progress and outgoing) • Maintenance of QA/QC Inspection Equipment; • Pollution Management; and • Defect Return Management 	First Quarter of 2020
	<u>Follow-up on Previous Internal Audit Findings</u> <ul style="list-style-type: none"> • Internal Control Review of Licensing Management 	
JAG Group	<u>Review on Human Resource (Payroll Function)</u> <ul style="list-style-type: none"> • Payroll processing; • Overtime and variable allowance process; • Statutory deductions submission and payment; and • Employee information database 	Second Quarter of 2020
JMI	<u>Review on Inventory Quality Management (Raw Material)</u> <ul style="list-style-type: none"> • Incoming of raw materials; • Outgoing of raw materials; • Safeguarding of inventory; • Periodic maintenance on weighing scales; and • Physical inventory count procedures 	
JAG Group	<u>Follow-up on Previous Internal Audit Findings</u> <ul style="list-style-type: none"> • Adequacy review of production process • Internal control review of Human Resource Management 	
JMI	<u>Review of Sales and Receivables Cycle</u> <ul style="list-style-type: none"> • Order processing; • Delivery of goods to customer; • Invoicing; and • Credit control functions 	
JAG Nasmeh	<u>Review of Sales and Receivables Cycle</u> <ul style="list-style-type: none"> • Safeguarding of cash; and • Collection and recording of sales transaction 	Third Quarter of 2020
JMI	<u>Follow-up on Previous Internal Audit Findings</u> <ul style="list-style-type: none"> • QA/QC Function 	First Quarter of 2021
JMI	<ul style="list-style-type: none"> • Review on Safety, Health and Welfare Measures; and • Review on Safety and Health at workplace 	
	<u>Follow-up on Previous Internal Audit Findings</u> <ul style="list-style-type: none"> • Inventory Control Management (Raw Material) 	

AUDIT COMMITTEE REPORT

cont'd

INTERNAL AUDIT FUNCTION *cont'd*

(2) Summary of Works of the Internal Audit Function for FYE 2020 *cont'd*

Key Observations on the effectiveness of Internal Audit Function

At the 5/2020 AC Meeting held on 24 November 2020, the Company Secretary briefed the AC on a letter in relation to the “Key Observations on the Effectiveness of Internal Audit Function” co-published by Bursa Securities and the Institute of Internal Auditors Malaysia (“**IIAM**”), which was issued by the Bursa Securities on 21 October 2020 (“**Bursa’s IA Letter**”).

The AC noted that Bursa Securities and IIAM had in 2019, conducted a review on IA Function of forty (40) selected Public Listed Companies.

The study of the thematic review focused on seven (7) criteria of the IA function, the details were as follows:-

- (i) Adoption of a recognised Internal Audit Framework
- (ii) Independence and objective
- (iii) Planning the audit
- (iv) Effectiveness of Internal Audit function
- (v) Resource Management
- (vi) Communicating audit results
- (vii) Monitoring results.

The AC has requested the Company Secretary to carry out an independent assessment on the Internal Audit function of the Company for FYE 2020. It was noted that the Internal Audit function of the Company has duly met the abovementioned 7 criteria as stated in the Bursa’s IA Letter. The AC noted for FYE 2020, the Internal Audit scope addressed governance, risk management and internal control processes, including related party transactions.

(3) Total costs incurred for FYE 2020

The total cost incurred for the outsourced internal audit function of the Group for the FYE 2020 is amounted to RM 45,000/- (2019: RM32,400/-).

This Audit Committee Report is made in accordance with the Resolution passed by the Board of Directors on 8 April 2021.

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 outlined the scope and nature of internal control system and risk management framework for the FYE 2020.

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 2020, 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 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 three (3) meetings during the FYE 2020.

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.
Mr. Kek Beng Soon	Member	Financial Controller, JAG Berhad

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;
- Financial risks; and
- Bribery 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, in particular, the zero-tolerance policy on bribery to address the issue of bribery risks with the adoption of Anti-Bribery Management System. 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.

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

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.

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.

During the FYE 2020, the Risk Register for JMI, JAG Nasmeh Sdn. Bhd. and JAG Land Sdn. Bhd. had been revamped by adopting the Responsible Business Alliance (“RBA”) format, to address the risks.

C. RISK MANAGEMENT ACTIVITIES DURING FYE 2020

During the FYE 2020, the summary of activities carried out by the RMWG and RMC in respect of Risk Management is as follows:-

- Due to the Movement Control Order imposed by the Malaysian Government on 18 March 2020, the RMWG were unable to conduct physical meeting, However, the RMWG maintained their constant communication via emails for discussions on matters concerning risk management of the Group.
- The RMC 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 reviewed the Risk Register of the Group and suggested further enhancement to be made to the Risk Register in due course.
- The RMC reviewed the disclosure in Statement of Risk Management and Internal Control for inclusion in the Annual Report 2019.
- The RMC reviewed and deliberated the Anti-Bribery and Anti-Corruption Policy of the Company, together with its consequential guidelines, collectively ‘adequate procedures’ pursuant to Section 17(A) of Malaysian Anti-Corruption Commission Act 2009, to ensure the Group’s responsibilities to comply with the laws and regulations in relation to bribery and corruption. Thereafter, recommended of the same to the Board for adoption.

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 (*ceased with effect from 1 July 2020*).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

KEY COMPONENTS OF THE INTERNAL CONTROLS *cont'd*

B. INTERNAL AUDIT

The Board acknowledges the importance of the internal audit function. The Group's internal audit function is outsourced to a professional service firm, NGL Tricor Governance Sdn. Bhd. ("**NGL Tricor Governance**"), to provide the AC with an independent assessment on the adequacy and effectiveness of the Group's system of internal controls. In November 2020, Tricor Axcelasia Sdn. Bhd. (formerly known as Axcelasia Columbus Sdn. Bhd.) ("**Tricor Axcelasia**") announced its acquisition of the remaining 60% equity of NGL Tricor Governance in line with the objective to expand the strategic business advisory division under Tricor Malaysia. Subsequent to the aforesaid acquisition, the outsourced internal auditors of the Company have since been undertaken by Tricor Axcelasia.

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.

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 2020 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

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 8 April 2021.

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 8 April 2021.

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 2020.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. 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 profit/(loss) for the financial year attributable to:		
Owners of the Company	9,164,014	11,925,857
Non-controlling interests	(184,954)	-
	8,979,060	11,925,857

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:

- (i) undertook a share consolidation exercise by consolidating every 4 existing ordinary shares into 1 ordinary share. The existing total number of issued shares of 1,818,606,107 was consolidated into 454,649,892 consolidated shares. The total number of outstanding Warrants 2017/2020 of 194,764,923 has also been adjusted into 48,690,123 consolidated Warrants 2017/2020 accordingly; and
- (ii) increased its issued and paid up capital from RM166,639,075 to RM179,072,171 by way of private placement of 89,460,000 new ordinary shares for cash to eligible investors for the purposes of increasing the working capital of the subsidiaries. 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

During the financial year, the Company repurchased from the open market 28,300,000 of its ordinary shares at an average price of RM0.042 per share. The consideration paid including transaction costs of RM1,196,500 was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. None of the treasury shares were resold or cancelled during the financial year.

As at 31 December 2020, the Company held a total of 7,325,000 treasury shares of its 544,109,892 issued ordinary shares with the carrying amount of RM1,296,500.

WARRANTS

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.

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

	Entitlement for ordinary shares				Balance at 31.12.2020 '000
	Balance at 1.1.2020 '000	Share consolidation '000	Exercised '000	Expired '000	
	Number of unexercised Warrants 2017/2020	194,765	(146,075)	-	

The salient features of the Warrants 2017/2020 are disclosed in Note 22.1 to the financial statements.

SHARE ISSUANCE SCHEME ("SIS")

The Company implemented a SIS which is governed by the SIS By-Laws as 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 31.12.2020 '000
	Balance at 1.1.2020 '000	Exercised '000	Lapsed '000	
	1 July 2015	31,799	-	

The salient features of the SIS are disclosed in Note 22.2 to the financial statements.

DIRECTORS

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

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

DIRECTORS'
REPORT
cont'd

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares				Balance as at 31.12.2020
	Balance as at 1.1.2020	Share consolidation	Bought	Sold	
Shareholdings registered in the name of directors:					
Datin Tan Siew Ching	54,443,989	(40,832,993)	-	-	13,610,996
Datuk Md Hassim bin Pardi	-	-	-	-	-
Dato' Ng Meow Giak	176,677,366	(132,508,025)	-	-	44,169,341
Roy Thean Chong Yew	-	-	-	-	-
Ewe Chuan Seng	-	-	-	-	-

	Number of options over ordinary shares			Balance as at 31.12.2020
	Balance as at 1.1.2020	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 2017/2020 over ordinary shares			Balance as at 31.12.2020
	Balance as at 1.1.2020	Share consolidation	Expired	
Warrants registered in the name of directors:				
Datin Tan Siew Ching	7,777,712	(5,833,284)	(1,944,428)	-
Datuk Md Hassim bin Pardi	-	-	-	-
Dato' Ng Meow Giak	26,168,192	(19,626,144)	(6,542,048)	-
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.

DIRECTORS' REPORT

cont'd

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.

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

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

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

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

DIRECTORS'
REPORT
cont'd

AUDITORS

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

The 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: 8 April 2021

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 2020, and of their financial performance and their cash flows for the year ended on that date.

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

DATO' NG MEOW GIAK

ROY THEAN CHONG YEW

Kuala Lumpur

Dated: 8 April 2021

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 8 April 2021.)

KEK BENG SOON

Before me,

MOHD IBRAHIM BIN YAAKOB (W641)
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 2020, 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 2020, 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("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 2020, the Group held manufacturing and trading inventories of RM57,561,223 representing approximately 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

1.3.1 Existence and valuation of manufacturing inventories

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 Revaluation of freehold land and buildings

The Group adopts the revaluation method to measure its entire class of land and buildings recognised under property, plant and equipment. During the current financial year, these property assets are revalued at RM63,205,626 resulting to a net of tax revaluation surplus of RM4,759,901 being recognised in other comprehensive income of the Group.

Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Significant judgements are involved in determining the fair value by using the chosen valuation technique and applying the relevant assumptions.

How the matter was addressed in the audit

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

- performed site visit to verify the existence and conditions of the freehold land and buildings;
- considered the professional competencies, capabilities, objectivity and independence of the professional valuers;
- discussed with the independent professional valuers to obtain an understanding of the valuation techniques, key assumptions and input data used;
- assessed the appropriateness of the valuation techniques and the key assumptions used through desk research conducted on the property industry.

We found the valuation techniques 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.

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*

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in regard to the directors' report.

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

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

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

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

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
02006/09/2022 J
CHARTERED ACCOUNTANT

Kuala Lumpur

Date: 8 April 2021

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	4	158,999,408	139,517,034	5,500,000	-
Other operating income		3,510,132	1,105,252	280,000	-
Direct costs		(10,584,595)	(1,667,307)	-	-
Changes in inventories of finished goods and work in progress		4,454,739	8,967,196	-	-
Raw materials and consumables used		(113,477,980)	(112,014,068)	-	-
Changes in inventories of trading merchandise		(1,665,409)	(3,626,623)	-	-
Staff costs	5	(11,476,936)	(13,409,658)	(342,901)	(342,379)
Depreciation and amortisation		(6,580,168)	(6,607,964)	(2,164)	-
Net allowance for expected credit loss of receivables		361,476	(449,171)	7,236,562	(16,236,562)
Other operating expenses		(10,386,582)	(21,620,594)	(793,073)	(2,426,118)
Profit/(Loss) from operations	6	13,154,085	(9,805,903)	11,878,424	(19,005,059)
Finance income	7	239,396	214,526	47,433	21,354
Finance costs	8	(1,967,593)	(1,379,758)	-	-
Net finance (costs)/income		(1,728,197)	(1,165,232)	47,433	21,354
Profit/(Loss) before tax		11,425,888	(10,971,135)	11,925,857	(18,983,705)
Income tax expense	9	(2,446,828)	(957,893)	-	(2,637)
Net profit/(loss) for the year		8,979,060	(11,929,028)	11,925,857	(18,986,342)
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss					
Gain on revaluation of freehold land and buildings		6,459,286	-	-	-
Tax effects of revaluation reserve		(1,699,385)	-	-	-
Other comprehensive income for the year, net of tax		4,759,901	-	-	-
Total other comprehensive income/(loss) for the year		13,738,961	(11,929,028)	11,925,857	(18,986,342)
Net profit/(loss) attributable to:					
Owners of the Company		9,164,014	(11,905,747)	11,925,857	(18,986,342)
Non-controlling interests		(184,954)	(23,281)	-	-
		8,979,060	(11,929,028)	11,925,857	(18,986,342)
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		13,923,915	(11,905,747)	11,925,857	(18,986,342)
Non-controlling interests		(184,954)	(23,281)	-	-
		13,738,961	(11,929,028)	11,925,857	(18,986,342)
Basic earnings/(loss) per share (sen)	10.1	2.01	(3.12)	-	-

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Non current assets					
Property, plant and equipment	11	84,611,702	79,111,035	17,820	-
Right of use assets	12	7,022,306	7,664,054	-	-
Investment properties	13	18,611,174	15,440,000	-	-
Intangible assets	14	101,408	102,232	-	-
Investment in subsidiaries	15	-	-	113,739,884	97,364,884
Inventories - property development	16	15,904,235	15,726,328	-	-
Other receivables	18	-	-	18,300,000	20,900,000
		126,250,825	118,043,649	132,057,704	118,264,884
Current assets					
Inventories	16	57,561,223	50,272,950	-	-
Trade receivables	17	9,657,864	6,609,624	-	-
Other receivables, deposits and prepayments	18	13,350,999	3,001,818	38,661,008	31,575,265
Tax recoverable		46,655	54,064	7,500	7,500
Other investments	19	11,605,145	9,404,386	-	-
Derivative assets	20	19,600	12,007	-	-
Fixed deposits with licensed banks	21	3,367,976	5,248,275	382,895	374,981
Cash and bank balances		7,370,509	8,874,863	3,243,795	473,416
		102,979,971	83,477,987	42,295,198	32,431,162
Total assets		229,230,796	201,521,636	174,352,902	150,696,046

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

cont'd

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Equity					
Share capital	22	179,072,171	166,639,075	179,072,171	166,639,075
Reserves	23	(2,205,405)	(14,932,820)	(5,595,446)	(16,324,803)
Equity attributable to owners of the Company		176,866,766	151,706,255	173,476,725	150,314,272
Non-controlling interests		84,589	144,543	-	-
Total equity		176,951,355	151,850,798	173,476,725	150,314,272
Non current liabilities					
Lease liabilities	24	3,948,868	4,631,964	-	-
Deferred income	25	587,950	727,962	-	-
Borrowings	26	14,491,337	16,170,356	-	-
Provision	27	37,686	37,686	-	-
Deferred tax liabilities	28	5,690,821	3,721,436	-	-
		24,756,662	25,289,404	-	-
Current liabilities					
Trade payables	29	7,554,091	7,431,872	-	-
Other payables and accruals	30	9,080,121	7,869,270	876,177	381,774
Tax payable		1,405,417	306,755	-	-
Borrowings	26	7,537,979	6,933,236	-	-
Lease liabilities	24	1,945,171	1,840,301	-	-
		27,522,779	24,381,434	876,177	381,774
Total liabilities		52,279,441	49,670,838	876,177	381,774
Total equity and liabilities		229,230,796	201,521,636	174,352,902	150,696,046

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Group	Share capital RM	Revaluation reserve RM	Reverse acquisition reserve RM	Share issuance scheme reserve RM	Treasury shares RM	Retained profits RM	Equity attributable to owners		Total equity RM
							Company RM	Non- controlling interests RM	
At 1 January 2020	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
Transactions with owners									
Issue of shares pursuant to private placements	12,542,292	-	-	-	-	-	12,542,292	-	12,542,292
Subscription of shares in a subsidiary	-	-	-	-	-	-	-	125,000	125,000
Share issuance scheme expired	(109,196)	-	-	(1,541,798)	-	1,541,798	(109,196)	-	(109,196)
Share issue expenses	-	-	-	-	(1,196,500)	-	(1,196,500)	-	(1,196,500)
Shares repurchased	-	-	-	-	(1,196,500)	1,541,798	11,236,596	125,000	11,361,596
Net profit/(loss) for the year	-	-	-	-	-	9,164,014	9,164,014	(184,954)	8,979,060
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
- Gain on revaluation of freehold land and buildings (net of tax)	-	4,759,901	-	-	-	-	4,759,901	-	4,759,901
Total comprehensive income/(loss) for the year	-	4,759,901	-	-	-	9,164,014	13,923,915	(184,954)	13,738,961
At 31 December 2020	179,072,171	28,138,734	(72,050,600)	-	(1,296,500)	43,002,961	176,866,766	84,589	176,951,355

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

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
								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 statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020
cont'd

Company	Share capital RM	Share issuance scheme reserve RM	Treasury shares RM	Accumulated losses RM	Total RM
At 1 January 2020	166,639,075	1,541,798	(100,000)	(17,766,601)	150,314,272
Transactions with owners					
Issue of shares pursuant to private placements	12,542,292	-	-	-	12,542,292
Share issuance scheme expired	-	(1,541,798)	-	1,541,798	-
Share issue expenses	(109,196)	-	-	-	(109,196)
Shares repurchased	-	-	(1,196,500)	-	(1,196,500)
	12,433,096	(1,541,798)	(1,196,500)	1,541,798	11,236,596
Net profit/Total comprehensive income for the year	-	-	-	11,925,857	11,925,857
At 31 December 2020	179,072,171	-	(1,296,500)	(4,298,946)	173,476,725

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

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

STATEMENTS OF
CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash flows from/(used in) operating activities				
Profit/(Loss) before tax	11,425,888	(10,971,135)	11,925,857	(18,983,705)
Adjustments for:				
Allowance for impairment of receivables	59,047	820,523	-	16,236,562
Allowance for impairment of receivables no longer required	(420,523)	(371,352)	(7,236,562)	-
Amortisation of club memberships	824	824	-	-
Changes in fair value of				
- derivative financial instruments	(7,593)	(12,007)	-	-
- other investments	(2,252,875)	(240,175)	-	-
Depreciation	6,579,344	6,607,140	2,164	-
Dividend income	(34,172)	(247,217)	(5,500,000)	-
Gain on disposal of				
- a subsidiary	(178,399)	-	(280,000)	-
- other investments	(469,357)	(47,582)	-	-
- plant and equipment	(65,670)	(176,997)	-	-
Government grant income	(140,012)	(140,011)	-	-
Impairment losses on				
- investment property	-	4,005,279	-	-
- investment in subsidiaries	-	-	-	2,000,000
- plant and equipment	-	1,880,319	-	-
Interest expense	1,967,593	1,379,758	-	-
Interest income	(239,396)	(214,526)	(47,433)	(21,354)
Inventories written down	-	3,666,261	-	-
Plant and equipment written off	46,445	11,373	-	9
Waiver of debts	-	-	220,612	-
Unrealised loss on foreign exchange	545,133	387,613	-	-
Realised loss on foreign exchange - cash and cash equivalents	15,512	4,900	-	-
Operating profit/(loss) before working capital changes	16,831,789	6,342,988	(915,362)	(768,488)
Increase in inventories	(7,466,180)	(21,279,989)	-	-
Decrease/(Increase) in other investments	521,473	(2,078,430)	-	-
(Increase)/Decrease in trade and other receivables	(4,517,864)	5,016,456	(124,999)	7,797
Increase in trade and other payables	1,222,243	3,134,228	5,567	36,143
Cash generated from/(used in) operations	6,591,461	(8,864,747)	(1,034,794)	(724,548)
Income tax paid	(1,105,296)	(558,181)	(3,700)	(8,337)
Income tax refunded	23,532	215,713	3,700	2,200
Net cash from/(used in) operating activities	5,509,697	(9,207,215)	(1,034,794)	(730,685)

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020
cont'd

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash flows from/(used in) investing activities				
Advances to subsidiaries	-	-	(12,344,794)	(8,473,649)
Advances to a corporate shareholder of a subsidiary	(1,000,000)	-	-	-
Advances to a company in which certain directors of a subsidiary have an interest	(3,679,448)	-	-	-
Net cash inflow on disposal of a subsidiary	171,747	-	280,000	-
Subscription of shares in new subsidiaries	-	-	(1,375,000)	(250,000)
Deposits paid for				
- acquisition of shares in a subsidiary	(3,100,000)	-	-	-
- purchase of plant and equipment	(1,382,944)	(234,000)	-	-
Dividends received	34,172	247,217	5,500,000	-
Decrease/(Increase) in fixed deposits pledged	1,375,528	(858,980)	-	-
Interest received	239,396	214,526	47,433	21,354
Proceeds from disposal of plant and equipment	66,500	177,000	-	-
Purchase of				
- investment property	(3,171,174)	-	-	-
- property, plant and equipment	(3,216,879)	(4,765,988)	(19,984)	-
- right of use assets	(310,848)	(349,885)	-	-
Net cash used in investing activities	(13,973,950)	(5,570,110)	(7,912,345)	(8,702,295)
Cash flows from/(used in) financing activities				
Interest paid	(1,967,593)	(1,739,175)	-	-
Advances from subsidiaries	-	-	488,836	250,000
Proceeds from issue of shares	12,542,292	9,495,864	12,542,292	9,495,864
Proceeds from term loan	250,000	10,467,830	-	-
Share issue expenses	(109,196)	(107,469)	(109,196)	(107,469)
Shares repurchased	(1,196,500)	-	(1,196,500)	-
Share issue proceeds from non-controlling interest	125,000	-	-	-
Repayments of term loans	(1,989,114)	(1,382,125)	-	-
Repayments of lease liabilities	(1,849,087)	(1,565,070)	-	-
Net cash from financing activities	5,805,802	15,169,855	11,725,432	9,638,395
Net (decrease)/increase in cash and cash equivalents	(2,658,451)	392,530	2,778,293	205,415
Cash and cash equivalents at beginning of year	7,792,705	7,405,075	848,397	642,982
Effect of exchange differences	(15,512)	(4,900)	-	-
Cash and cash equivalents at end of year	5,118,742	7,792,705	3,626,690	848,397

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

STATEMENTS OF
CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020
cont'd

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash and cash equivalents comprise:				
Cash and bank balances	7,370,509	8,874,863	3,243,795	473,416
Fixed deposits with licensed banks	3,367,976	5,248,275	382,895	374,981
Bank overdrafts	(4,774,199)	(4,109,361)	-	-
	5,964,286	10,013,777	3,626,690	848,397
Less: Fixed deposits pledged	(845,544)	(2,221,072)	-	-
	5,118,742	7,792,705	3,626,690	848,397

Reconciliation of liabilities arising from financing activities - Group

	2019	Cash flows	Non-cash changes	2020
	RM	RM	RM	RM
Lease liabilities				
- hire purchase	1,453,223	(707,118)	650,000	1,396,105
- others	5,019,042	(1,141,969)	620,861	4,497,934
Term loans	18,994,231	(1,739,114)	-	17,255,117

	2018	Cash flows	Non-cash changes	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

Reconciliation of liabilities arising from financing activities - Company

	2019	Cash flows	Non-cash changes	2020
	RM	RM	RM	RM
Amount due to subsidiaries	250,000	488,836	-	738,836

	2018	Cash flows	Non-cash changes	2019
	RM	RM	RM	RM
Amount due to a subsidiary	-	250,000	-	250,000

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

1. GENERAL INFORMATION

The Company is principally an investment holding company. The details of the subsidiaries, including their principal activities, are disclosed in Note 15.

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 D65-3A, 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 8 April 2021.

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 in Note 2.2.2.

The Group has adopted the new and revised Malaysian Financial Reporting Standards ("MFRSs") and their related 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.

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.

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 2020
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 consolidated 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 2020

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 2020
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:

	2020	2019
	RM	RM
Euro	4.941	4.591
Japanese Yen	0.039	-
Singapore Dollar	3.000	3.000
United States Dollar	4.017	4.093

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 2020

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 loss 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 2020
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 2020

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 properties

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 2020
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 are 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 2020

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 2020
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 or other operating income, as appropriate, 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 2020

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 2020
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 2020

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 2020
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2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

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

2.2.2 Significant accounting policies *cont'd*

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

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2. PRINCIPAL ACCOUNTING POLICIES *cont'd*

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

2.2.2 Significant accounting policies *cont'd*

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

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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.

(d) Revaluation of freehold land and buildings

The revaluation of freehold land and buildings are determined by independent firms of professional valuers.

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.

Significant judgements are involved in determining the fair values by using the chosen valuation technique and applying the relevant assumptions.

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4. REVENUE

4.1 Disaggregation of revenue

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Type of goods or services				
Sale of manufactured goods	143,076,113	130,966,876	-	-
Proprietary solutions and software maintenance	108,382	554,887	-	-
Trading of goods	1,712,068	3,539,826	-	-
Trading of shares	11,414,807	659,566	-	-
Laundry services	2,688,038	3,795,879	-	-
	158,999,408	139,517,034	-	-
Others				
Dividend income	-	-	5,500,000	-
	158,999,408	139,517,034	5,500,000	-
Timing of revenue recognition				
At a point in time	158,921,304	139,053,915	-	-
Over time	78,104	463,119	-	-
	158,999,408	139,517,034	-	-

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

NOTES TO THE
FINANCIAL STATEMENTS
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cont'd

4. REVENUE *cont'd*

4.2 Performance obligations *cont'd*

Segment	Nature of goods and services	Satisfaction of performance obligations	Significant payment terms
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

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, wages, bonus and allowances	10,075,416	12,152,955	318,824	320,800
Defined contribution plan	1,050,865	921,200	19,397	18,240
Other employee related expenses	350,655	335,503	4,680	3,339
	<u>11,476,936</u>	<u>13,409,658</u>	<u>342,901</u>	<u>342,379</u>

NOTES TO THE FINANCIAL STATEMENTS

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6. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) from operations is arrived at after charging/(crediting):				
Auditors' remuneration				
- statutory audit	126,000	124,980	40,000	40,000
Changes in fair value of				
- derivative financial instruments	(7,593)	(12,007)	-	-
- other investments	(2,252,875)	(240,175)	-	-
Directors' remuneration				
- directors of the Company				
- fees	143,000	115,200	143,000	115,200
- others	1,167,540	1,044,940	24,000	23,500
- directors of a subsidiary				
- other than fees	1,143,540	1,008,000	-	-
Expenses relating to short term leases on premises	193,790	221,981	69,216	2,016
Expenses relating to leases of low value assets on equipment	158,884	197,796	-	-
Inventories written down	-	3,666,261	-	-
(Gain)/Loss on foreign exchange				
- realised	(12,246)	(172,944)	-	-
- unrealised	545,133	387,613	-	-
Operating lease income from premises	(55,000)	(33,000)	-	-
Plant and equipment written off	46,445	11,373	-	8
Waiver of debts	-	-	220,612	-
Gain on disposal of				
- a subsidiary	(178,399)	-	(280,000)	-
- other investments	(469,357)	(47,582)	-	-
- plant and equipment	(65,670)	(176,997)	-	-
Dividend income from other investments	(34,172)	(247,217)	-	-

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2020
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6. PROFIT/(LOSS) FROM OPERATIONS *cont'd*

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Directors of the Company				
Executive directors:				
Salaries, bonus and allowances	1,022,000	912,000	-	-
Defined contribution plan	121,540	109,440	-	-
Benefits in kind	46,650	48,525	-	-
	<u>1,190,190</u>	<u>1,069,965</u>	<u>-</u>	<u>-</u>
Non executive directors:				
Fees	143,000	115,200	143,000	115,200
Salaries, bonus and allowances	24,000	23,500	24,000	23,500
	<u>167,000</u>	<u>138,700</u>	<u>167,000</u>	<u>138,700</u>
Total directors' remuneration	<u>1,357,190</u>	<u>1,208,665</u>	<u>167,000</u>	<u>138,700</u>

The number of directors of the Company where total remuneration (including benefits in kind) during the reporting period falls within the following bands is analysed as follows:

	2020	2019
	RM	RM
Executive directors:		
RM500,001 to RM550,000	-	2
RM550,001 to RM600,000	<u>2</u>	<u>-</u>
Non executive directors:		
Below RM50,000	-	3
RM50,001 to RM100,000	<u>3</u>	<u>-</u>

7. FINANCE INCOME

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Interest income from current account deposits	81,105	41,539	7,914	10,100
Interest income from fixed deposits	158,291	172,987	39,519	11,254
	<u>239,396</u>	<u>214,526</u>	<u>47,433</u>	<u>21,354</u>

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8. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense on:				
- bank overdrafts	225,549	492,811	-	-
- hire purchase	76,471	89,364	-	-
- other lease liabilities	206,938	233,980	-	-
- term loans	1,458,635	923,020	-	-
	1,967,593	1,739,175	-	-
Less: amount capitalised in property development activities (Note 16)	-	(359,417)	-	-
	1,967,593	1,379,758	-	-

9. INCOME TAX EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Expected income tax payable				
- current year	(2,463,000)	(513,500)	-	-
- over/(under) provision in prior years	286,172	(323,393)	-	(2,637)
	(2,176,828)	(836,893)	-	(2,637)
Deferred tax (Note 28)				
- current year	(270,000)	79,000	-	-
- under provision in prior years	-	(200,000)	-	-
	(270,000)	(121,000)	-	-
	(2,446,828)	(957,893)	-	(2,637)

NOTES TO THE
FINANCIAL STATEMENTS
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9. INCOME TAX EXPENSE *cont'd*

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) before tax	11,425,888	(10,971,135)	11,925,857	(18,983,705)
Taxation at statutory tax rate of 24% (2019: 24%)	(2,742,200)	2,633,100	(2,862,000)	4,556,000
Expenses not deductible for tax purposes	(1,502,140)	(2,608,400)	(2,862,000)	(4,418,000)
Income not subject to tax	617,500	175,300	5,724,000	-
Utilisation of reinvestment allowance arising during the year	677,000	-	-	-
Utilisation of previously unrecognised deferred tax assets	445,600	-	-	-
Deferred tax assets not recognised	(228,760)	(634,500)	-	(138,000)
Over/(Under) provision in prior years				
- current tax	286,172	(323,393)	-	(2,637)
- deferred tax	-	(200,000)	-	-
Income tax expense for the year	(2,446,828)	(957,893)	-	(2,637)

NOTES TO THE FINANCIAL STATEMENTS

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10. EARNINGS/(LOSS) PER SHARE

10.1 Basic earnings/(loss) per share

Basic earnings/(loss) 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	
	2020	2019
	RM	RM
Net profit/(loss) attributable to owners of the Company	9,164,014	(11,905,747)
	Group	
	2020	2019
Weighted average number of ordinary shares in issue	456,967,262	381,180,716
Basic earnings/(loss) per share (sen)	2.01	(3.12)

Comparative figures for the weighted average number of ordinary shares for basic earnings per share have been restated to reflect the adjustments arising from the share consolidation during the reporting period.

10.2 Diluted earnings/(loss) per share

Diluted earnings per share are not presented in the financial statements since there are no dilutive potential ordinary shares as at 31 December 2020.

For 2019, dilutive loss per share is not presented in the financial statements as the fair value of the ordinary shares of the Company during the previous reporting period is lower than the exercise price of the outstanding warrants and options under the employee Share Issuance 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.

NOTES TO THE FINANCIAL STATEMENTS

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11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land (at valuation)	Freehold buildings (at valuation)	Furniture, fittings, office and factory equipment	Motor vehicles	Plant and machinery	Plant and machinery under construction	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Cost (unless otherwise indicated)								
At 1 January 2019	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	-	-	-	(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
Additions	-	-	157,597	63,864	299,068	2,385,250	545,100	3,450,879
Disposals	-	-	(2,256)	(555,339)	-	-	-	(557,595)
Disposal of a subsidiary	-	-	(80,766)	-	-	-	(187,215)	(267,981)
Transfers	-	-	-	-	3,810,100	(3,810,100)	-	-
Write offs	-	-	(86,650)	(81,000)	(143,800)	-	-	(311,450)
Reclassification from right of use assets	-	-	-	221,708	-	-	-	221,708
Revaluations	6,709,851	(2,075,385)	-	-	-	-	-	4,634,466
At 31 December 2020	46,646,585	16,559,041	9,482,625	5,405,476	32,859,627	747,250	10,312,220	122,012,824

NOTES TO THE
FINANCIAL STATEMENTS

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

Group	Freehold land (at valuation)	Freehold buildings (at valuation)	Furniture, fittings, office and factory equipment	Motor vehicles	Plant and machinery	Plant and machinery under construction	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation								
At 1 January 2019	-	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	-	-	-	(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
Charge for the year	-	377,173	622,082	96,867	2,354,791	-	971,487	4,422,400
Disposals	-	-	(1,429)	(555,336)	-	-	-	(556,765)
Disposal of a subsidiary	-	-	(74,431)	-	-	-	(187,214)	(261,645)
Write offs	-	-	(57,943)	(80,999)	(126,063)	-	-	(265,005)
Reclassification from right of use assets	-	-	-	155,195	-	-	-	155,195
Revaluations	-	(1,824,820)	-	-	-	-	-	(1,824,820)
At 31 December 2020	-	59,710	6,213,099	5,185,150	18,127,219	-	5,935,625	35,520,803
Accumulated impairment losses								
At 1 January 2019	-	-	-	-	-	-	-	-
Impairment loss for the year	-	-	-	-	1,880,319	-	-	1,880,319
At 31 December 2019/31 December 2020	-	-	-	-	1,880,319	-	-	1,880,319
Carrying amount								
At 31 December 2020	46,646,585	16,499,331	3,269,526	220,326	12,852,089	747,250	4,376,595	84,611,702
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

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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 2019	7,449	35,482	39,609	82,540
Write offs	(7,449)	(35,582)	(39,609)	(82,540)
At 31 December 2019	-	-	-	-
Additions	-	19,984	-	19,984
At 31 December 2020	-	19,984	-	19,984
Accumulated depreciation				
At 1 January 2019	7,446	35,477	39,608	82,531
Write offs	(7,446)	(35,477)	(39,608)	(82,531)
At 31 December 2019	-	-	-	-
Charge for the year	-	2,164	-	2,164
At 31 December 2020	-	2,164	-	2,164
Carrying amount				
At 31 December 2020	-	17,820	-	17,820
At 31 December 2019	-	-	-	-

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	
	2020 RM	2019 RM
<u>At carrying amount</u>		
Freehold land	44,436,585	39,000,000
Freehold buildings	16,153,330	16,829,520
	<u>60,589,915</u>	<u>55,829,520</u>

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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		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total additions	3,450,879	4,925,388	19,984	-
Additions through:				
- other payables	-	(59,400)	-	-
- deposits paid in previous reporting period	(234,000)	(100,000)	-	-
Cash payments	3,216,879	4,765,988	19,984	-

11.3 Revaluation

The freehold land and buildings of the Group were revalued on 31 December 2020 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 23.1.

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	
	2020 RM	2019 RM
Freehold land	18,166,036	18,166,036
Freehold buildings	13,267,324	13,601,200
	31,443,360	31,767,236

11.4 Impairment review of plant and equipment

In the previous reporting period, 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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FINANCIAL STATEMENTS
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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	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
Additions	960,848	-	620,861	-	1,581,709
Reclassification to property, plant and equipment	(221,708)	-	-	-	(221,708)
At 31 December 2020	4,536,077	586,727	6,089,968	37,686	11,250,458
Accumulated depreciation					
At 1 January 2019	-	-	-	-	-
Reclassification from property, plant and equipment	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
Charge for the year	833,308	151,274	1,166,080	6,282	2,156,944
Reclassification to property, plant and equipment	(155,195)	-	-	-	(155,195)
At 31 December 2020	1,702,355	304,414	2,212,658	8,725	4,228,152
Carrying amount					
At 31 December 2020	2,833,722	282,313	3,877,310	28,961	7,022,306
At 31 December 2019	2,772,695	433,587	4,422,529	35,243	7,664,054

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

	Group	
	2020 RM	2019 RM
Total additions	1,581,709	2,128,024
Additions through		
- lease arrangements	(1,270,861)	(1,740,453)
- provision for restoration costs (Note 27)	-	(37,686)
Cash payments	310,848	349,885

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13. INVESTMENT PROPERTIES

	Group	
	2020	2019
	RM	RM
Freehold land, at cost		
At beginning of year	19,445,279	-
Additions	3,171,174	-
Transfer from inventories (Note 16)	-	19,445,279
At end of year	22,616,453	19,445,279
Accumulated impairment losses		
At beginning of year	4,005,279	-
Impairment loss for the year	-	4,005,279
At end of year	4,005,279	4,005,279
Carrying amount	18,611,174	15,440,000

In the previous 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	
	2020	2019
	RM	RM
Golf club membership		
At cost		
At beginning/end of year	108,000	108,000
Accumulated amortisation		
At beginning of year	5,768	4,944
Charge for the year	824	824
At end of year	6,592	5,768
Carrying amount	101,408	102,232

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15. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 RM	2019 RM
Unquoted shares at cost		
At beginning of year	101,217,857	99,967,857
Subscription of additional shares in existing subsidiaries	24,000,000	1,000,000
Incorporation of new subsidiaries	1,375,000	250,000
Disposal of a subsidiary	(581,903)	-
At end of year	126,010,954	101,217,857
Accumulated impairment losses		
At beginning of year	3,852,973	1,852,973
Impairment loss during the year	9,000,000	2,000,000
Disposal of a subsidiary	(581,903)	-
At end of year	12,271,070	3,852,973
Carrying amount	113,739,884	97,364,884

The details of the subsidiaries are as follows:

Subsidiaries of the Company	Country of incorporation	Group's effective interest		Principal activities
		2020 %	2019 %	
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
JAG Renewable Energy Sdn Bhd	Malaysia	100	-	Dormant
JAG Scoops Sdn Bhd	Malaysia	75	-	Dormant
JAG Systems Sdn Bhd	Malaysia	-	100	Computer software development, marketing, maintenance and support services

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15. INVESTMENT IN SUBSIDIARIES *cont'd*

Subsidiaries of the Company	Country of incorporation	Group's effective interest		Principal activities
		2020 %	2019 %	
Subsidiary of Jaring Metal Industries Sdn Bhd				
JAG Nasmeh Sdn Bhd	Malaysia	80	80	Operating twenty-four (24) hour coin-operated laundry business

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

In the current reporting period:

- The Company incorporated a wholly-owned subsidiary, JAG Renewable Energy Sdn Bhd ("JRESB"), by subscribing to 1,000,000 ordinary shares representing 100% of the issued and paid-up share capital of JRESB for a cash consideration of RM1,000,000. JRESB is intended to carry out the principal activities of production and manufacturing of renewable energy.
- The Company incorporated a subsidiary, JAG Scoops Sdn Bhd ("JAGSSB"), by subscribing to 375,000 ordinary shares representing 75% of the issued and paid-up share capital of JAGSSB for a cash consideration of RM375,000. JAGSSB is intended to carry out the principal activities of manufacturing, distribution, sale and other related services of confectionery, ice cream and gelato products.
- The Company subscribed for additional 24,000,000 ordinary shares in JAG Land Sdn Bhd ("JAGL") by way of capitalisation of amount due from JAGL of RM24,000,000.
- On 28 December 2020, Jaring Metal Industries Sdn Bhd ("JMI"), a wholly owned subsidiary of the Company, entered into a share sale agreement to acquire the entire equity interest in Cahaya Mutlak Sdn Bhd, a investment holding company, for a total purchase consideration of RM3,100,000. Upon completion, Cahaya Mutlak Sdn Bhd will become a wholly owned subsidiary of the Group.

Subsequent to the reporting period, JMI acquired an additional 20,000 ordinary shares representing 20% equity interest in JAG Nasmeh Sdn Bhd ("JAGN") for a cash consideration of RM20,000. Consequently, JAGN became a wholly owned subsidiary of the Group.

In the previous reporting period:

- 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.
- 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.

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15. INVESTMENT IN SUBSIDIARIES *cont'd*

15.2 Disposal of a subsidiary

In the current reporting period, the Company disposed of 100% equity interest in JAG Systems Sdn Bhd (“JAGS”) for a cash consideration of RM280,000. As a result of the disposal, JAGS ceased to be a subsidiary of the Company.

The disposal of JAGS had the following financial effects on the Group’s financial statements:

	2020
	RM
Plant and equipment	6,336
Trade receivables	125,022
Other receivables, deposits and prepayments	25,690
Tax recoverable	11,007
Cash and bank balances	108,253
Trade payables	(23,537)
Other payables and accruals	(151,170)
Net assets disposed of	101,601
Less: Cash consideration received	(280,000)
Gain on disposal of a subsidiary (included in “Other operating income” line item in profit or loss)	(178,399)
Cash consideration received	280,000
Less: Cash and cash equivalents disposed of	(108,253)
Net cash inflow on disposal of a subsidiary	171,747

The disposal did not have a significant impact to the financial results of the Group.

15.3 Impairment review of investment in subsidiaries

In the current reporting period, the directors performed an impairment test on JAG Land Sdn Bhd (“JAGL”) and impairment loss of RM9,000,000 had been recognised to write down the investment to recoverable amount. The recoverable amount of the investment in JAGL has been determined based on its fair value less costs of disposal.

In the previous reporting period, the directors performed an impairment test on JAGL and JAGCE 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.

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16. INVENTORIES

	Group	
	2020	2019
	RM	RM
Manufacturing and trading		
At cost:		
Trading merchandise	329,035	448,406
Raw materials	20,442,655	17,451,470
Work in progress	8,438,459	7,334,163
Finished goods	27,568,939	23,933,641
	56,779,088	49,167,680
At fair value less costs to sell:		
Raw materials	366,781	405,059
Work in progress	160,309	160,309
Finished goods	255,045	539,902
	782,135	1,105,270
Property development		
At cost:		
Land held for development	15,904,235	15,726,328
Properties under development	-	19,445,279
	15,904,235	35,171,607
	73,465,458	85,444,557
Less:		
Land held development – non current portion	(15,904,235)	(15,726,328)
Transfer to investment property (Note 13)	-	(19,445,279)
	(15,904,235)	(35,171,607)
	57,561,223	50,272,950
Amount of inventories recognised as an expense	123,510,529	123,688,899

Land held for property development with carrying amount of RM15,904,235 (2019: RM15,726,328) 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	
	2020	2019
	RM	RM
Land held for development	-	359,417

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17. TRADE RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Third parties	12,173,879	9,087,115	-	25,000
Amount due from a company in which certain directors of a subsidiary have an interest	104,500	104,500	-	-
	12,278,379	9,191,615	-	25,000
Less: Allowance for impairment	(2,620,515)	(2,581,991)	-	(25,000)
	9,657,864	6,609,624	-	-

The Group's normal trade credit terms range from 30 days to 90 days (2019: 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	
	2020 RM	2019 RM	2020 RM	2019 RM
At beginning of year	2,581,991	2,992,454	25,000	25,000
Allowance during the year	59,047	20,523	-	-
Allowance no longer required	(20,523)	(363,792)	-	-
Write off during the year	-	(67,194)	(25,000)	-
At end of year	2,620,515	2,581,991	-	25,000

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

2020 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	-	-	-	2,679,088	2,679,088
Less: Allowance for impairment	-	-	-	(2,561,468)	(2,561,468)
	-	-	-	117,620	117,620
Impairment assessed through provision matrix					
Gross carrying amount	5,071,822	2,853,459	1,005,389	668,621	9,599,291
Less: Allowance for impairment	(2,798)	(7,986)	(1,398)	(46,865)	(59,047)
	5,069,024	2,845,473	1,003,991	621,756	9,540,244
	5,069,024	2,845,473	1,003,991	739,376	9,657,864

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17. TRADE RECEIVABLES *cont'd*

2019 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	-	-	-	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
	4,373,622	1,066,950	609,454	559,598	6,609,624

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Advance payments to suppliers	2,105,318	2,044,177	-	-
Amount due from subsidiaries	-	-	57,304,383	71,016,174
Amount due from a corporate shareholder of a subsidiary	1,000,000	-	-	-
Amount due from a company in which certain directors of a subsidiary have an interest	3,679,448	-	-	-
Deposits paid for:				
- purchase of plant and equipment	1,382,944	234,000	-	-
- acquisition of shares in a subsidiary	3,100,000	-	-	-
Others	2,912,658	1,953,010	129,100	4,101
	14,180,368	4,231,187	57,433,483	71,020,275
Less: Allowance for impairment (Note 18.2)	(829,369)	(1,229,369)	(472,475)	(18,545,010)
	13,350,999	3,001,818	56,961,008	52,475,265
Less: Non current portion (Note 18.1)	-	-	(18,300,000)	(20,900,000)
	13,350,999	3,001,818	38,661,008	31,575,265

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

18.1 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 RM18,300,000 (2019: RM20,900,000) 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.

18.2 Allowance for impairment

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At beginning of year	1,229,369	436,929	18,545,010	2,308,448
Allowance during the year	-	800,000	-	16,236,562
Allowance no longer required	(400,000)	(7,560)	(18,072,535)	-
At end of year	829,369	1,229,369	472,475	18,545,010

19. OTHER INVESTMENTS

	Group	
	2020 RM	2019 RM
Financial assets at fair value through profit or loss		
- quoted equity instruments in Malaysia	11,603,106	6,947,460
- unquoted mutual funds in Malaysia	2,039	2,456,926
	11,605,145	9,404,386

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.

20. DERIVATIVE ASSETS

	Group	
	2020 RM	2019 RM
Forward foreign exchange sale contracts held for trading at fair value through profit or loss	19,600	12,007

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20. DERIVATIVE ASSETS *cont'd*

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 RM7,593 (2019: RM12,007) 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	
	2020	2019
	RM	RM
Forward foreign exchange sale contracts	3,630,500	1,639,493

21. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits of the Group amounting to RM845,544 (2019: RM2,221,072) have been pledged with a licensed bank to secure the banking facilities referred to in Note 26.

22. SHARE CAPITAL

	Group and Company			
	2020	2019	2020	2019
	No. of ordinary shares	No. of ordinary shares	RM	RM
Issued and fully paid:				
At beginning of year	1,818,606,107	1,515,731,107	166,639,075	148,109,820
Share consolidation	(1,363,956,215)	-	-	-
Issue of shares pursuant to private placements	89,460,000	302,875,000	12,433,096	9,388,395
	544,109,892	1,818,606,107	179,072,171	157,498,215
Transfer from share premium	-	-	-	9,140,860
At end of year	544,109,892	1,818,606,107	179,072,171	166,639,075

During the reporting period, the Company undertook a share consolidation exercise by consolidating every 4 existing ordinary shares into 1 ordinary share. The existing total number of issued shares of 1,818,606,107 was consolidated into 454,649,892 consolidated shares. The total number of outstanding Warrants 2017/2020 of 194,764,923 has also been adjusted into 48,690,123 consolidated Warrants 2017/2020 accordingly.

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.

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22. SHARE CAPITAL *cont'd*

22.1 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 RM0.60 after share consolidation (RM0.15 before share consolidation) 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 31.12.2020 '000
	Balance at 1.1.2020 '000	Exercised '000	Share consolidation '000	Expired '000	
Number of unexercised warrants	194,765	-	(146,075)	(48,690)	-

	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	-	-	194,765

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22. SHARE CAPITAL *cont'd*

22.2 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.

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

Offer Date	Number of options over ordinary shares			Balance at 31.12.2020 '000
	Balance at 1.1.2020 '000	Exercised '000	Lapsed '000	
	1 July 2015	31,799	-	

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22. SHARE CAPITAL *cont'd*

22.2 Share Issuance Scheme *cont'd*

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	-	-	31,799

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

23. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Retained profits/ (Accumulated losses)	43,002,961	32,297,149	(4,298,946)	(17,766,601)
Non-distributable				
Revaluation reserve (Note 23.1)	28,138,734	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
Treasury shares (Note 23.4)	(1,296,500)	(100,000)	(1,296,500)	(100,000)
	(45,208,366)	(47,229,969)	(1,296,500)	1,441,798
	(2,205,405)	(14,932,820)	(5,595,446)	(16,324,803)

23.1 Revaluation reserve

The revaluation reserve represents revaluation surplus arising from freehold land and buildings. The revaluation reserve is used to record increase in the fair value of freehold land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

23.2 Reverse acquisition reserve

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

23.3 Share issuance scheme reserve

Share issuance scheme reserve represents the equity settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity settled share options, and is reduced by the expiry or exercise of the share options.

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23. RESERVES *cont'd***23.4 Treasury shares**

	Group and Company			
	2020 No. of treasury shares	2019 No. of treasury shares	2020 RM	2019 RM
At beginning of year	1,000,000	1,000,000	100,000	100,000
Shares repurchased	28,300,000	-	1,196,500	-
Share consolidation	(21,975,000)	-	-	-
At end of year	7,325,000	1,000,000	1,296,500	100,000

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 shareholder's equity.

Of the total 544,109,892 (2019: 1,818,606,107) issued and fully paid ordinary shares as at 31 December 2020, 7,325,000 (2019: 1,000,000) are held as treasury shares by the Company.

24. LEASE LIABILITIES

	Group	
	2020 RM	2019 RM
Hire purchase liabilities	1,396,105	1,453,223
Other lease liabilities	4,497,934	5,019,042
	5,894,039	6,472,265
Less: Portion due within one year	(1,945,171)	(1,840,301)
Non current portion	3,948,868	4,631,964
The non current portion of the lease liabilities is payable as follows:		
Later than 1 year and not later than 2 years	1,483,220	1,619,827
Later than 2 years and not later than 5 years	2,093,649	2,572,004
Later than 5 years	371,999	440,133
	3,948,868	4,631,964

The weighted average effective interest rates are as follows:

	Group	
	2020 %	2019 %
Hire purchase liabilities	5.08	4.62
Other lease liabilities	5.00	5.00

The Group and the Company had total cash outflows for leases of RM2,485,170 (2019: RM2,308,191) and RM69,216 (2019: RM2,016) respectively.

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25. DEFERRED INCOME

	Group	
	2020	2019
	RM	RM
At beginning of year	727,962	867,973
Grant income recognised	(140,012)	(140,011)
At end of year	587,950	727,962

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	
	2020	2019
	RM	RM
Non current portion:		
Term loans	14,491,337	16,170,356
Current portion:		
Bank overdrafts	4,774,199	4,109,361
Term loans	2,763,780	2,823,875
	7,537,979	6,933,236
	22,029,316	23,103,592

	Group	
	2020	2019
	RM	RM
The non current portion of term loans is payable as follows:		
Later than 1 year and not later than 2 years	2,861,525	2,841,417
Later than 2 years and not later than 5 years	8,680,433	8,746,153
Later than 5 years	2,949,379	4,582,786
	14,491,337	16,170,356

The weighted average effective interest rates are as follows:

	Group	
	2020	2019
	%	%
Bank overdrafts	8.95	10.20
Term loans	6.66	7.93

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26. BORROWINGS *cont'd*

The borrowings are secured by way of:

- (i) property, plant and equipment as disclosed in Note 11.1;
- (ii) inventories as disclosed in Note 16;
- (iii) fixed deposits with a licensed bank as disclosed in Note 21; and
- (iv) joint and several guarantees by certain directors of a subsidiary and a corporate guarantee by the Company.

27. PROVISION

	Group	
	2020 RM	2019 RM
At beginning of year	37,686	-
Provision during the year	-	37,686
At end of year	<u>37,686</u>	<u>37,686</u>

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	
	2020 RM	2019 RM
At beginning of year	(3,721,436)	(3,600,436)
Recognised in profit or loss (Note 9)		
- current year	(270,000)	79,000
- under provision in prior years	-	(200,000)
	(270,000)	(121,000)
Recognised in other comprehensive income		
- current year	(1,699,385)	-
At end of year	<u>(5,690,821)</u>	<u>(3,721,436)</u>

	Group	
	2020 RM	2019 RM
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	(6,782,331)	(4,899,531)
Deferred tax assets	1,091,510	1,178,095
	<u>(5,690,821)</u>	<u>(3,721,436)</u>

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28. DEFERRED TAX LIABILITIES *cont'd*

Deferred tax liabilities are in respect at the following:

	Group	
	2020	2019
	RM	RM
Differences between accounting depreciation and tax capital allowances	(3,102,604)	(3,034,189)
Revaluation reserve	(3,534,727)	(1,865,342)
Net fair value gain on held for trading investments	(145,000)	-
	(6,782,331)	(4,899,531)

Deferred tax assets are in respect of the following:

	Group	
	2020	2019
	RM	RM
Allowance for impairment of trade receivables	629,068	617,892
Differences between accounting depreciation and finance lease payments due	34,000	34,000
Other deductible temporary differences	99,360	279,940
Unrealised loss on trade related foreign exchange	62,282	106,063
Unutilised business losses	152,400	46,000
Unabsorbed capital allowances	114,400	94,200
	1,091,510	1,178,095

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

	Group			
	Gross		Tax effects	
	2020	2019	2020	2019
	RM	RM	RM	RM
Unabsorbed capital allowances	1,578,600	1,790,700	379,000	429,800
Unutilised business losses to be utilised up to financial year ending				
- 31 December 2025	2,926,100	3,620,100	702,100	868,800
- 31 December 2026	5,174,700	5,108,700	1,242,200	1,226,100
- 31 December 2027	1,276,000	-	305,900	-
	10,955,400	10,519,500	2,629,200	2,524,700

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28. DEFERRED TAX LIABILITIES *cont'd*

	Company			
	Gross		Tax effects	
	2020 RM	2019 RM	2020 RM	2019 RM
Unabsorbed capital allowances	1,578,600	1,566,600	379,000	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
	3,167,100	3,729,100	760,200	895,000

Portion of the deferred tax assets of the Group and the Company has 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 (2019: 15 days to 60 days).

30. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
	Advance payments from customers	6,188,682	4,788,387	-
Amount due to subsidiaries	-	-	738,836	250,000
Other payables and accruals	2,891,439	3,080,883	137,341	131,774
	9,080,121	7,869,270	876,177	381,774

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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	
		2020 RM	2019 RM	2020 RM	2019 RM
With a company in which certain directors of a subsidiary have an interest					
Barrel & Drum (M) Sdn Bhd	Purchases	37,135	27,525	-	-
With a corporate shareholder of a subsidiary					
Bubblelab Laundry Sdn Bhd	Purchase of plant and equipment	53,672	1,511,131	-	-
	Maintenance fee expense	139,178	219,662	-	-
With a subsidiary					
Jaring Metal Industries Sdn Bhd	Dividend income	-	-	5,500,000	-

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	
		2020 RM	2019 RM	2020 RM	2019 RM
Financial assets					
With subsidiaries					
Jaring Metal Industries Sdn Bhd	Advances	-	-	37,625,373	25,625,372
JAG Systems Sdn Bhd	Advances	-	-	-	4,478,297
	Allowance for impairment	-	-	-	(1,835,973)
		-	-	-	2,642,324
JAG Land Sdn Bhd	Advances	-	-	3,747,166	24,747,166
	Allowance for impairment	-	-	-	(16,236,562)
		-	-	3,747,166	8,510,604

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31. SIGNIFICANT RELATED PARTY DISCLOSURES *cont'd***31.2 Related party balances** *cont'd*

	Type of transactions	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
JAG Development Sdn Bhd	Advances	-	-	11,079,400	11,579,400
JAG Capital Equity Sdn Bhd	Advances	-	-	4,835,939	4,585,939
	Allowance for impairment	-	-	(472,475)	(472,475)
		-	-	4,363,464	4,113,464
JAG Renewable Energy Sdn Bhd	Advances	-	-	16,505	-
With a company in which certain directors of a subsidiary have an interest					
Cahaya Mutlak Sdn Bhd	Advances	3,679,448	-	-	-
LCM Realty Sdn Bhd	Deposit paid for acquisition of shares in a subsidiary	3,100,000	-	-	-
With a corporate shareholder of a subsidiary					
Bubblelab Laundry Sdn Bhd	Advances	1,000,000	-	-	-
Financial liabilities					
With subsidiaries					
JAG Prop Sdn Bhd	Advances	-	-	238,836	250,000
JAG Scoops Sdn Bhd	Advances	-	-	500,000	-

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	
	2020 RM	2019 RM
Capital commitments		
Capital expenditure not provided for in the financial statements are as follows:		
Authorised and contracted for	529,800	5,434,000
Analysed as follows:		
Investment in unquoted shares	-	5,200,000
Property, plant and equipment	529,800	234,000
	529,800	5,434,000

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**

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

2020	Manufacturing		Trading		Services		Proprietary solutions and software maintenance and investment		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	143,076,113	1,712,068	2,688,038	108,382	11,414,807	-	158,999,408	-	-	-	-	-	-	158,999,408
Inter-segment revenue	-	-	-	-	5,500,000	-	5,500,000	(5,500,000)	-	-	-	-	-	-
Total revenue	143,076,113	1,712,068	2,688,038	108,382	16,914,807	-	164,499,408	(5,500,000)	-	-	-	-	-	158,999,408
Results														
Profit/(Loss) from operations	12,967,269	155,168	(639,049)	2,226,297	13,752,115	(406,414)	28,055,386	(14,901,301)	(406,414)	-	-	-	-	13,154,085
Finance income	258,991	3,099	5,364	-	59,125	32,817	359,396	(120,000)	32,817	-	-	-	-	239,396
Finance costs	(849,945)	(10,171)	(309,058)	-	-	(918,419)	(2,087,593)	120,000	(918,419)	-	-	-	-	(1,967,593)
Profit/(Loss) before tax	12,376,315	148,096	(942,743)	2,226,297	13,811,240	(1,292,016)	26,327,189	(14,901,301)	(1,292,016)	-	-	-	-	11,425,888
Income tax expense	(2,417,895)	(28,933)	-	-	-	-	(2,446,828)	-	-	-	-	-	-	(2,446,828)
Net profit/(loss) for the year	9,958,420	119,163	(942,743)	2,226,297	13,811,240	(1,292,016)	23,880,361	(14,901,301)	(1,292,016)	-	-	-	-	8,979,060

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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 development		Investment property and property development		Total Elimination		Consolidated	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue																
External revenue	130,966,876	3,539,826	3,795,879	554,887	659,566	-	139,517,034	-	139,517,034	-	-	-	-	-	-	139,517,034
Results																
(Loss)/Profit from operations	(1,167,419)	(31,553)	363,113	(110,570)	(19,299,748)	(7,796,289)	(28,042,466)	18,236,563	(9,805,903)							
Finance income	262,318	7,090	10,799	-	23,577	30,742	334,526	(120,000)	214,526							
Finance costs	(1,139,738)	(30,805)	(329,215)	-	-	-	(1,499,758)	120,000	(1,379,758)							
(Loss)/Profit before tax	(2,044,839)	(55,268)	44,697	(110,570)	(19,276,171)	(7,765,547)	(29,207,698)	18,236,563	(10,971,135)							
Income tax expense	(773,252)	(20,902)	(161,102)	-	(2,637)	-	(957,893)	-	(957,893)							
Net loss for the year	(2,818,091)	(76,170)	(116,405)	(110,570)	(19,278,808)	(7,765,547)	(30,165,591)	18,236,563	(11,929,028)							

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33. SEGMENT INFORMATION cont'd

33.1 Business segment cont'd

2020	Manufacturing		Trading		Services		Proprietary solutions and software maintenance		Investment		Investment property and property development		Total Elimination		Consolidated		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Assets and liabilities																	
Segment assets	170,148,521	5,951,137	12,814,136	-	182,175,010	-	37,454,112	408,542,916	(179,312,120)	229,230,796							
Segment liabilities	76,673,515	-	11,534,163	-	6,948,647	-	23,053,150	118,209,475	(65,930,034)	52,279,441							
Other information																	
Capital expenditure on property, plant and equipment, investment properties and right of use assets	3,354,977	982,846	692,965	-	19,984	-	3,171,174	8,221,946	(18,184)	8,203,762							
Depreciation and amortisation	3,447,047	1,161,801	1,940,202	2,015	2,164	2,015	26,939	6,580,168	-	6,580,168							

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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		Investment property and property development		Total Elimination		Consolidated		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Assets and liabilities																	
Segment assets	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								

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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 property development	Total	Elimination	Consolidated
2020	RM	RM	RM	RM	RM	RM	RM	RM	RM
Non-cash items other than depreciation and amortisation									
Allowance for impairment of receivables	59,047	-	-	-	-	-	59,047	-	59,047
Waiver of debts	-	-	-	(2,266,618)	220,612	-	(2,046,006)	(2,046,006)	-
Changes in fair value of									
- derivative financial instruments	(7,593)	-	-	-	-	-	(7,593)	-	(7,593)
- other investments	(1,359,512)	-	-	-	(893,372)	9	(2,252,875)	-	(2,252,875)
Plant and equipment written off	46,445	-	-	-	-	-	46,445	-	46,445
Government grant income	(140,012)	-	-	-	-	-	(140,012)	-	(140,012)
Unrealised loss on foreign exchange	545,133	-	-	-	-	-	545,133	-	545,133

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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
2019	RM	RM	RM	RM	RM	RM	RM	RM	RM
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*

33.2 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 2020	Revenue	Group Non-current assets
	RM	RM
Malaysia	37,096,630	126,250,825
China	74,386,208	-
Japan	41,859,206	-
Others	5,657,364	-
	<u>158,999,408</u>	<u>126,250,825</u>

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

Non current assets information presented above consist of property, plant and equipment, right of use assets, investment properties, 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	
	2020	2019
	RM	RM
Customer A	54,748,882	51,674,932
Customer B	20,184,810	22,367,921
Customer C	19,980,051	16,316,458
Customer D	19,215,605	16,276,184
	<u>114,129,348</u>	<u>106,635,495</u>

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34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

34.1 Categories of financial instruments

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets				
Fair value through profit or loss				
- other investments	11,605,145	9,404,386	-	-
- derivative assets	19,600	12,007	-	-
	11,624,745	9,416,393	-	-
Amortised cost				
- trade and other receivables	21,625,919	9,377,442	56,961,008	52,475,265
- cash and bank balances and fixed deposits	10,738,485	14,123,138	3,626,690	848,397
	32,364,404	23,500,580	60,587,698	53,323,662
	43,989,149	32,916,973	60,587,698	53,323,662
Financial liabilities				
Amortised cost				
- lease liabilities (fixed rate)	5,894,039	6,472,265	-	-
- trade and other payables (non interest bearing)	16,634,212	15,301,142	876,177	381,774
- borrowings (floating rate)	22,029,316	23,103,592	-	-
	44,557,567	44,876,999	876,177	381,774

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.

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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:

Functional currency of the Group	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies					Net RM
	Euro RM	Japanese Yen RM	Singapore Dollar RM	United States Dollar RM		
2020						
Ringgit Malaysia	55,659	7,065	(16,819)	1,947,304		1,993,209
2019						
Ringgit Malaysia	230,062	-	(34,615)	(742,983)		(547,536)

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	
	2020 RM	2019 RM
Euro	5,600	23,000
Japanese Yen	700	-
Singapore Dollar	(1,700)	(3,500)
United States Dollar	194,700	(74,300)

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.

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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

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

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profitability before tax would increase/decrease by RM110,100 (2019: RM115,500).

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Amount due from two subsidiaries (2019: three)	-	-	48,704,773	45,715,376

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

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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*

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 17. In determining the ECL of other trade receivables, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

ii) Other receivables

Other receivables other than the amount due from subsidiaries of RM56,831,908 (2019: RM52,471,164) 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 RM22,029,316 (2019: RM23,103,592) 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.

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2020
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

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.

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	
	2020	2019
	RM	RM
Entities listed on:		
Bursa Malaysia Securities Berhad	1,160,000	695,000

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	Total	On demand or within 1 year	Within 1 to 2 years	Within 2 to 5 years	More than 5 years
2020	RM	RM	RM	RM	RM	RM
Non interest bearing debts	16,634,212	16,634,212	16,634,212	-	-	-
Interest bearing debts	22,029,316	25,989,365	8,679,578	3,826,587	10,331,640	3,151,560
Lease liabilities	5,894,039	6,436,710	2,177,335	1,636,379	2,238,227	384,769
	44,557,567	49,060,287	27,491,125	5,462,966	12,569,867	3,536,329
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
	44,876,999	49,866,314	25,547,185	5,618,424	13,330,397	5,370,308

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

cont'd

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

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

Liquidity risk management *cont'd*

Company	Contractual cash flows (including interest payments)		
	Carrying amount RM	Total RM	On demand or within 1 year RM
2020			
Non interest bearing debts	876,177	876,177	876,177
2019			
Non interest bearing debts	381,774	381,774	381,774

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 2020, the Group's and the Company's strategy were unchanged from 31 December 2019 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 2020 and 31 December 2019 were as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total debts	27,923,355	29,575,857	-	-
Less: Cash and bank balances and fixed deposits	(10,738,485)	(14,123,138)	(3,626,690)	(848,397)
Net debt/(cash)	17,184,870	15,452,719	(3,626,690)	(848,397)
Total equity/Adjusted capital	176,951,355	151,850,798	173,476,725	150,314,272
Debt-to-adjusted capital ratio (times)	0.10	0.10	N/A	N/A

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2020
cont'd

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			
	2020			
	Fair value measurements at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Recurring fair value measurements				
Financial assets:				
<u>Other investments</u>				
Quoted shares	11,603,106	-	-	11,603,106
Unquoted mutual funds	-	-	2,039	2,039
<u>Derivative assets</u>				
Forward foreign exchange sale contracts	-	19,600	-	19,600

NOTES TO THE
FINANCIAL STATEMENTS

31 DECEMBER 2020

cont'd

35. FAIR VALUE MEASUREMENTS *cont'd***35.2 Financial instruments and non financial assets carried at fair value** *cont'd***Fair value hierarchy** *cont'd*

	Group 2020			
	Fair value measurements at the end of the reporting period using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Non financial assets:				
<u>Property, plant and equipment</u>				
Freehold land and buildings	-	63,145,916	-	63,145,916
<u>Investment properties</u>				
Impaired freehold land carried at fair value less cost of disposal	-	15,440,000	-	15,440,000

	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 properties</u>				
Impaired freehold land carried at fair value less cost of disposal	-	15,440,000	-	15,440,000

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2020
cont'd

35. FAIR VALUE MEASUREMENTS *cont'd*

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

Fair value hierarchy *cont'd*

	Company 2020			
	Fair value measurements at the end of the reporting period using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Non recurring fair value measurements				
Non financial assets:				
<u>Investment in subsidiaries</u>				
Impaired subsidiary carried at fair value less cost of disposal	-	-	15,000,000	15,000,000

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, location 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

a) Unquoted mutual funds

The fair value of the unquoted mutual funds is determined by reference to the net assets per unit of the funds.

b) Investment in a subsidiary

The valuation of investment in a subsidiary was derived based on the audited net assets as at reporting date, as the subsidiary is not generating substantial amount of future operating cashflows for discounting purposes.

LIST OF PROPERTIES

AS AT 31 DECEMBER 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	14	<u>Land area</u> 130 square meters <u>Built-up</u> 173.9 square meters	<u>Land</u> 360,000 <u>Building</u> 170,000	31 December 2020 (Date of Revaluation)
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	18	<u>Land area</u> 19,426 square meters <u>Built-up</u> 8,321 square meters	<u>Land</u> 25,800,000 <u>Building</u> 7,900,000	31 December 2020 (Date of Revaluation)
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	1,500,000	31 December 2020 (Date of Revaluation)
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	9	<u>Land area</u> 130 square meters <u>Built-up</u> 173.9 square meters	<u>Land</u> 350,000 <u>Building</u> 170,000	31 December 2020 (Date of Revaluation)

LIST OF
PROPERTIES
AS AT 31 DECEMBER 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
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	6	<u>Land area</u> 10,619 square meters <u>Built-up</u> 6,851 square meters	<u>Land</u> 18,800,000 <u>Building</u> 6,900,000	31 December 2020 (Date of 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	1,185,751	6 September 2017

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2021

Total Issued Share Capital (Inclusive of Treasury Shares)	:	RM179,072,170.87 comprising 544,109,892 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share
Treasury Shares held by the Company	:	7,325,000 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	1,902	20.49	53,812	0.01
100 - 1,000	638	6.87	326,075	0.06
1,001 - 10,000	3,237	34.88	18,136,544	3.38
10,001 - 100,000	3,058	32.95	101,766,885	18.96
100,001 – 26,839,243 *	442	4.76	266,161,140	49.58
26,839,244 and above **	4	0.04	150,340,436	28.01
Total:	9,281	100.00	536,784,892	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	44,169,341	8.228	-	-
2.	NKK Capital Sdn. Bhd.	38,265,398	7.129	-	-
3.	Dato' Ng Aik Kee	65,413,455	12.186	38,265,398 ⁽¹⁾	7.129
4.	Ng Yaw Long	34,160,547	6.364	-	-

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	13,610,996	2.536	-	-
Dato' Ng Meow Giak	44,169,341	8.228	-	-
Roy Thean Chong Yew	-	-	-	-
Datuk Md. Hassim Bin Pardi	-	-	-	-
Ewe Chuan Seng	-	-	-	-

STATISTICS OF
SHAREHOLDINGS
AS AT 15 MARCH 2021
cont'd

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

No.	Name	No. of Ordinary Shares	%
1.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR DATO' NG AIK KEE	51,959,609	9.68
2.	NKK CAPITAL SDN. BHD.	38,265,398	7.13
3.	DATO' NG MEOW GIAK	30,932,803	5.76
4.	NG YAW LONG	29,182,626	5.44
5.	TEH CHIN CHING	19,025,740	3.54
6.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TEE JOE EE	14,281,400	2.66
7.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR DATO' NG MEOW GIAK	13,236,538	2.47
8.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR DATO' NG AIK KEE	10,803,846	2.01
9.	M & A NOMINEE (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LEE SENG THYE	9,356,200	1.74
10.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. - EXEMPT AN FOR UOB KAY HIAN PTE. LTD.	9,008,076	1.68
11.	DATIN TAN SIEW CHING	8,013,653	1.49
12.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN YAT KIANG	7,700,000	1.43
13.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LEE CHOON KWONG	6,000,000	1.12
14.	DATIN TAN SIEW CHING	5,597,343	1.04
15.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TEH CHIN CHING	5,461,538	1.02
16.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR NG YAW LONG	4,977,921	0.93
17.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHIANG FONG WEI	3,000,000	0.56
18.	DATO' NG AIK KEE	2,650,000	0.49
19.	AFFIN HWANG INVESTMENT BANK BERHAD - IVT (SKM)	2,500,000	0.47
20.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN YEE SIN	2,365,000	0.44
21.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIM WILLIE	2,070,000	0.39
22.	JASON CHING CHOU-YI	2,000,000	0.37
23.	LEE CHIA LIN	2,000,000	0.37
24.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHAI YUH LEONG	1,821,200	0.34
25.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR KHAW SKI TIAN	1,800,000	0.34
26.	RAJA MUHAMMAD BIN RAJA OMAR	1,800,000	0.34
27.	CHUNG KEAT LEONG	1,700,000	0.32
28.	FOO FOOK MIN	1,646,950	0.31
29.	LEE SWONG KOI	1,575,000	0.29
30.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR KU YUNN YEE	1,500,000	0.28
Total:		292,230,841	54.44

NOTICE OF 23RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 23rd Annual General Meeting of the Company will be held at Danau 3, 1st Floor, Kota Permai Golf and Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Monday, 17 May 2021 at 10:00 a.m. for the transaction of the following business:-

AGENDA

Ordinary Business

- | | | |
|----|---|------------------------------|
| 1. | To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. | (Refer to Note 2) |
| 2. | To approve the Directors' fees payable to the Directors of the Company of up to RM136,800/- for the financial year ending 31 December 2021. | Ordinary Resolution 1 |
| 3. | To re-elect Datin Tan Siew Ching, a Director who retires in accordance with Clause 21.6 of the Company's Constitution, and being eligible, has offered herself for re-election. | Ordinary Resolution 2 |
| 4. | To re-elect Datuk Md. Hassim Bin Pardi, a Director who retires in accordance with Clause 21.6 of the Company's Constitution, and being eligible, has offered himself for re-election. | Ordinary Resolution 3 |
| 5. | To re-appoint Messrs. Russell Bedford LC & Company as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to determine their remuneration. | Ordinary Resolution 4 |

Special Business

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

- | | | |
|----|--|------------------------------|
| 6. | PAYMENT OF BENEFITS PAYABLE TO THE DIRECTORS UNDER SECTION 230(1)(b) OF THE COMPANIES ACT 2016 | Ordinary Resolution 5 |
| | <p>"THAT the benefits payable to the Directors of the Company up to an amount of RM37,500/- for the period from 18 May 2021 until the next Annual General Meeting of the Company to be held in year 2022 pursuant to Section 230(1)(b) of the Companies Act 2016 ("the Act"), be and is hereby approved for payment."</p> | |
| 7. | AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 | Ordinary Resolution 6 |
| | <p>"THAT pursuant to Sections 75 and 76 of the Act, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company, and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Securities")";</p> <p>AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."</p> | |

NOTICE OF 23RD ANNUAL GENERAL MEETING cont'd

8. **PROPOSED RETENTION OF MR. ROY THEAN CHONG YEW AS INDEPENDENT NON-EXECUTIVE DIRECTOR** *Ordinary Resolution 7*
- “THAT Mr. Roy Thean Chong Yew who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company.”
9. **PROPOSED RETENTION OF DATUK MD. HASSIM BIN PARDI AS INDEPENDENT NON-EXECUTIVE DIRECTOR** *Ordinary Resolution 8*
- “THAT subject to passing of Ordinary Resolution 3, Datuk Md. Hassim Bin Pardi who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company.”
10. To transact any other business that may be transacted at an Annual General Meeting, due notice of which shall have been given in accordance with the Act and the Constitution of the Company.

BY ORDER OF THE BOARD

(duly signed)

CHUA SIEW CHUAN (SSM PC No. 201908002648 & MAICSA 0777689)
CHENG CHIA PING (SSM PC No. 202008000730 & MAICSA 1032514)
Company Secretaries

Kuala Lumpur
16 April 2021

Notes:

(1) Information for Shareholders/Proxies

- a. For the purpose of determining a member who shall be entitled to attend this 23rd Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 18.7(b) of the Constitution of the Company and Section 34(1) of Securities Industry (Central Depositories) Act, 1991 (“**SICDA**”) to issue a General Meeting Record of Depositors as at 6 May 2021. Only a depositor whose name appears on the Record of Depositors as at 6 May 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or speak and/or vote on his/her behalf.
- b. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies to attend, speak and vote instead of him. A proxy may but need not be a member of the Company and a Member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak and vote at the meeting.
- c. A member may, subject to Notes (d) and (e) below, appoint more than one (1) proxy to attend and vote at the Annual General Meeting, to the extent permitted by the Act, SICDA, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**ACE LR**”) and the Rules of Central Depository. Where a member appoints two (2) proxies to attend and vote at the Annual General Meeting, such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.

NOTICE OF 23RD ANNUAL GENERAL MEETING

cont'd

- d. Where a member of the Company is an authorised nominee as defined under the SICDA, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds to which shares in the Company standing to the credit of the said account.
- e. Where a member of the Company is an exempt authorised nominee which holds security(ies) standing to the credit of a Securities Account and includes Securities in a Securities Account that is in suspense, in the Company for multiple beneficial owners in one (1) securities account (“**omnibus account**”) as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- f. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, in the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer’s Common Seal or under the hand of an officer or attorney duly authorised.
- g. Publication of Notice of Annual General Meeting on corporate website

Pursuant to Section 320(2) of the Companies Act 2016, a copy of this Notice together with the proxy form are available at the corporate website of JAG Berhad at www.jagb.com.my/notice-GM.

- h. Appointment of Proxy(ies)

A member may obtain the proxy form for the 23rd Annual General Meeting vide Note (g) above or the Annual Report (hard copy) or Annual Report (electronic copy) released to Bursa Malaysia Securities Berhad. The appointment of proxy(ies) may now be made vide a hard copy form or in electronic form:-

- (i) Hard copy form

In the case of appointment made vide hard copy form, the instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the office of the Company’s Share Registrar, i.e. Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.

- (ii) Electronic form

In the case of appointment made in electronic form, the transmission/ lodgement of proxy form should be made no less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof :-

- (A) Vide Facsimile (Fax Number: **+603-2094 9940 / +603-2095 0292**); or
- (B) Vide designated electronic mail (Email) Address of Share Registrar: info@sshshb.com.my

The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be submitted vide either one of the abovementioned modes to the Company’s Share Registrar, i.e. Securities Services (Holdings) Sdn. Bhd.

A member may call dedicated support line of Securities Services (Holdings) Sdn. Bhd. at +603-2084 9169 for assistance/clarification on item 1(h)(ii) above.

NOTICE OF 23RD ANNUAL GENERAL MEETING cont'd

Explanatory Notes to Ordinary Business:-

(2) Audited Financial Statements for the financial year ended 31 December 2020

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval for the Audited Financial Statements from the shareholders. Therefore, this Agenda item is not put forward for voting.

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

The proposed Directors' fees payable to the Directors of the Company for the financial year ending 31 December 2021 shall be up to RM136,800/- only, comprise the following:-

Directors' Fees	Financial Year Ending 31 December 2021
Non-Executive Directors	RM34,800 per person per annum
Audit Committee Chairman	Additional RM14,400 per annum
Nomination Committee Chairman	Additional RM7,200 per annum
Remuneration Committee Chairman	Additional RM7,200 per annum
Risk Management Committee Chairman	Additional RM3,600 per annum

The Ordinary Resolution 1, if approved, will authorise the Directors' fees payable to the Directors for the financial year ending 31 December 2021 pursuant to Clause 21.4 of the Constitution of the Company.

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

In determining the eligibility of the Directors to stand for re-election at the forthcoming 23rd Annual General Meeting, the Nomination Committee ("NC") considered the requirements under Rule 2.20A of the ACE LR and recommended Datin Tan Siew Ching and Datuk Md. Hassim Bin Pardi for the re-election as Directors pursuant to Clause 21.6 of the Constitution of the Company ("**Retiring Directors**"). The Board, through the NC, had conducted separate assessments and satisfied with the independence of Datuk Md. Hassim Bin Pardi, the Independent Non-Executive Director, therefore, the Board had recommended the same be tabled to the shareholders for approval at the forthcoming 23rd Annual General Meeting of the Company under Ordinary Resolutions 2 and 3 respectively.

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

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

The Audit Committee ("**AC**") had assessed the suitability, objectivity and independence of the External Auditors and recommended the re-appointment of Messrs. Russell Bedford LC & Company as External Auditors of the Company for the financial year ending 31 December 2021. The Board had in turn reviewed the recommendation of the AC and recommended the same be tabled to the shareholders for approval at the forthcoming 23rd Annual General Meeting of the Company under Ordinary Resolution 4.

NOTICE OF 23RD ANNUAL GENERAL MEETING

cont'd

Explanatory Notes to Special Business:

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

Under Ordinary Resolution 5, the benefits payable to the Directors of the Company pursuant to Section 230(1) (b) of the Act had been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognises that the benefits payable are in the best interest of the Company and in accordance with Directors' and Senior Management's Remuneration Policy of the Company for the applicable period from 18 May 2021 until the next Annual General Meeting of the Company to be held in year 2022. The benefits comprise solely meeting allowance, which will only be accorded based on actual attendance of meetings by the Directors:-

Benefits Payable to Directors	
Meeting Allowance for Non-Executive Directors	RM500/- per meeting

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

The Company wishes to renew the mandate on the authority to issue shares of not more than 10% of the total issued shares capital for the time being pursuant to the Act at the 23rd Annual General Meeting of the Company (hereinafter referred to as the "**General Mandate**").

The Company had been granted an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being by its shareholders at the last Annual General Meeting of the Company held on 5 August 2020 (hereinafter referred to as the "**Previous Mandate**"). This Previous Mandate was granted by the Bursa Securities as one (1) of their additional temporary relief measures to listed corporations via its official letter dated 16 April 2020.

Pursuant to the Previous Mandate, the Company had undertaken a private placement of 89,460,000 new ordinary shares (equivalent to 19.68% of total issued shares) which were issued at the issue price of RM0.1402 each and was listed on 20 November 2020. The proceeds raised from the said private placement exercise was RM12,542,292/-.

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

	Status of utilisation	Proposed utilised RM'000	Amount utilised RM'000	Amount unutilised RM'000
Purchase of machinery for total waste management division	Partially	2,500	860	1,640
Working capital	Fully	9,933	9,933	-
Estimated expenses in relation to the Private Placement	Fully	109	109	-
Total		12,542	10,902	1,640

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

NOTICE OF 23RD ANNUAL GENERAL MEETING cont'd

(8) **Ordinary Resolutions 7 and 8 - Proposed Retention of Mr. Roy Thean Chong Yew and Datuk Md. Hassim Bin Pardi as Independent Non-Executive Directors**

Mr. Roy Thean Chong Yew was appointed as an Independent Non-Executive Director (“**INED**”) of the Company on 18 October 2010, whereby Datuk Md. Hassim Bin Pardi was appointed as an INED of the Company on 26 August 2011. Both of them have served in that capacity for a cumulative term of more than nine (9) years.

The Board wishes to retain Mr. Roy Thean Chong Yew and Datuk Md. Hassim Bin Pardi as the INED of the Company.

The Board vide the NC after having assessed of the independence of Mr. Roy Thean Chong Yew and Datuk Md. Hassim Bin Pardi regarded them to be independent, recommends that the approval of the shareholders be sought to retain Mr. Roy Thean Chong Yew and Datuk Md. Hassim Bin Pardi to continue in office as INEDs based on the following justifications:-

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

Important Notes:-

Members are required to refer to the Administrative Guide for Shareholders/Proxies Attending the 23rd AGM, despatched together with the Notice of AGM which outlines the guidance for **physical** attendance at the AGM.

The said Administrative Guide has taken into account the latest measures to-date to deal with the Covid-19 situation announced and/or implemented in Malaysia which affect the holding or conduct of general meetings. The Company will closely monitor the situation and reserves the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the AGM. Any material developments will be announced on the Bursa Malaysia Securities Berhad and members are advised to check the Company’s announcement(s) made via Bursa Malaysia Securities Berhad regularly for updates on the AGM and/or material developments.

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JAG BERHAD

[Registration No. 199701023733 (439230-A)]
(Incorporated in Malaysia)

FORM OF PROXY

Number of shares held	
CDS account no.	

*I/We, _____ *Company No./NRIC No./
(full name as per NRIC/Passport/Certificate of Incorporation in capital letters)

Passport No. _____ of _____
(full address)

being a member of **JAG BERHAD** hereby appoint _____
(full name as per NRIC/Passport in capital letters)

*NRIC No./Passport No. _____ *and/or failing *him/her _____
(full name as per NRIC/Passport in capital letters)

*NRIC No./Passport No. _____ or failing him/her the Chairperson of the Meeting as *my/our proxy, to vote for *me/us on *my/our behalf at the 23rd Annual General Meeting (“**AGM**”) of the Company to be held at Danau 3, 1st Floor, Kota Permai Golf and Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Monday, 17 May 2021 at 10:00 a.m. or at any adjournment thereof, on the following resolutions referred to in the Notice of 23rd AGM.

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

Ordinary Business		For	Against
Ordinary Resolution 1	To approve the Directors’ fees payable for the financial year ending 31 December 2021		
Ordinary Resolution 2	To re-elect Datin Tan Siew Ching as Director (Clause 21.6)		
Ordinary Resolution 3	To re-elect Datuk Md. Hassim Bin Pardi as Director (Clause 21.6)		
Ordinary Resolution 4	To re-appoint Messrs. Russell Bedford LC & Company as Auditors of the Company and to authorise the Board of Directors to determine their remuneration		
Special Business			
Ordinary Resolution 5	To approve the benefits payable to the Directors for the period from 18 May 2021 until the next AGM to be held in year 2022		
Ordinary Resolution 6	Authority to issue shares pursuant to the Companies Act 2016		
Ordinary Resolution 7	Proposed Retention of Mr. Roy Thean Chong Yew as Independent Non-Executive Director		
Ordinary Resolution 8	Proposed Retention of Datuk Md. Hassim Bin Pardi as Independent Non-Executive Director		

(Please indicate with an “X” in the appropriate box against each Resolution how you wish your vote to be cast. If no specific direction as to how the proxy shall vote, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.)

Signed this _____ day of _____, 2021

*Signature(s)/Common Seal of Member(s)

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

* Delete if not applicable

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NOTES:

- a. For the purpose of determining a member who shall be entitled to attend this 23rd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 18.7(b) of the Constitution of the Company and Section 34(1) of Securities Industry (Central Depositories) Act, 1991 ("SICDA") to issue a General Meeting Record of Depositors as at 6 May 2021. Only a depositor whose name appears on the Record of Depositors as at 6 May 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or speak and/or vote on his/her behalf.
- b. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies to attend, speak and vote instead of him. A proxy may but need not be a member of the Company and a Member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak and vote at the meeting.
- c. A member may, subject to Notes (d) and (e) below, appoint more than one (1) proxy to attend and vote at the Annual General Meeting, to the extent permitted by the Act, SICDA, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and the Rules of Central Depository. Where a member appoints two (2) proxies to attend and vote at the Annual General Meeting, such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
- d. Where a member of the Company is an authorised nominee as defined under the SICDA, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds to which shares in the Company standing to the credit of the said account.
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- f. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, in the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of an officer or attorney duly authorised.
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Affix
stamp

JAG Berhad
[Registration No. 199701023733 (439230-A)]

c/o Securities Services (Holdings) Sdn. Bhd.
Share Registrar
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

Attn to: Mr. Jerry Tan

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- h. Appointment of Proxy(ies)
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 - (ii) Electronic form
In the case of appointment made in electronic form, the transmission/ lodgement of proxy form should be made no less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof :-
 - (A) Vide Facsimile (Fax Number: **+603-2094 9940 / +603-2095 0292**); or
 - (B) Vide designated electronic mail (Email) Address of Share Registrar: **info@sshsb.com.my**.

The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be submitted vide either one of the abovementioned modes to the Company's Share Registrar, i.e. Securities Services (Holdings) Sdn. Bhd.

A member may call dedicated support line of Securities Services (Holdings) Sdn. Bhd. at +603-2084 9169 for assistance/clarification on item h(ii) above.

www.jagb.com.my

JAG BERHAD [Registration No. 199701023733 (439230-A)]
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Selangor Darul Ehsan, Malaysia
Tel : 03-7497 2558
Fax : 03-5740 8912
Email: enquiry@jagb.com.my