JCY International Berhad
(Registration No. 200501031285 (713422-X))

ANNUAL REPORT 2020

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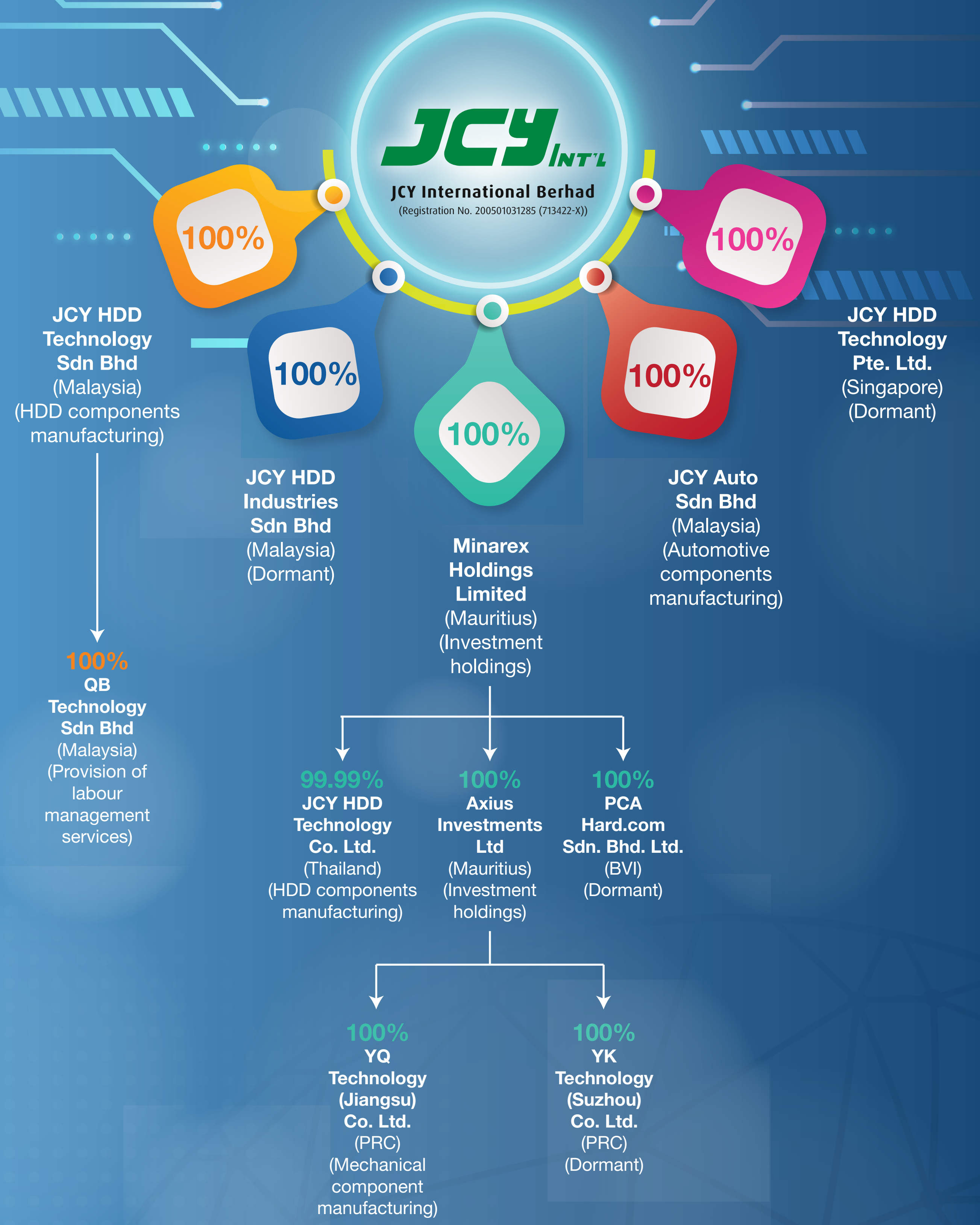
FINANCIAL STATEMENTS

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Rozali Bin Mohamed Ali
(Independent Non-Executive Chairman)

Mr. Goh Chye Kang
(Executive Director)

Dato' Wong King Kheng
(Executive Director)

Dato' Tan Shih Leng
(Executive Director)

Mr. Lim Ching Tee Peter
(Executive Director)
(Resigned on 31 December 2019)

Mr. Gouw Kim San
(Executive Director cum Chief Operating Officer)
(Appointed on 16 December 2020)

Mr. Chang Wei Ming
(Independent Non-Executive Director)

Mr. Chan Boon Hui
(Senior Independent Non-Executive Director)

COMPANY SECRETARY

Ms. Chua Siew Chuan
SSM PC No. 201908002648
(MAICSA 0777689)

AUDIT COMMITTEE

Mr. Chang Wei Ming
(Chairman, Independent Non-Executive Director)

Dr. Rozali Bin Mohamed Ali
(Independent Non-Executive Director)

Mr. Chan Boon Hui
(Senior Independent Non-Executive Director)

NOMINATION COMMITTEE

Mr. Chan Boon Hui
(Chairman, Senior Independent Non-Executive Director)

Mr. Chang Wei Ming
(Independent Non-Executive Director)

Dr. Rozali Bin Mohamed Ali
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Dr. Rozali Bin Mohamed Ali
(Chairman, Independent Non-Executive Director)

Mr. Chan Boon Hui
(Senior Independent Non-Executive Director)

Mr. Chang Wei Ming
(Independent Non-Executive Director)

Dato' Wong King Kheng
(Executive Director)

ENTERPRISE RISK MANAGEMENT COMMITTEE

Dato' Wong King Kheng
(Chairman, Executive Director)

Mr. Goh Chye Kang
(Executive Director)

Dato' Tan Shih Leng
(Executive Director)

Mr. Lim Ching Tee Peter
(Executive Director)
(Ceased on 31 December 2019)

Mr. Gouw Kim San
(Executive Director cum Chief Operating Officer)
(Appointed on 16 December 2020)

Mr. Lim Su Kiat
(Group Financial Controller)

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel No. : (603) 2084 9000
Fax No. : (603) 2094 9940

BANKERS

CIMB Bank Berhad
AmBank (M) Berhad

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel No. : (603) 2084 9000
Fax No. : (603) 2094 9940

HEAD/MANAGEMENT OFFICE

No. 3, Jalan Firma 3
Kawasan Perindustrian Tebrau IV
81100 Johor Bahru
Johor, Malaysia
Tel No. : (607) 352 5822
Fax No. : (607) 352 5833

AUDITORS

Ernst & Young PLT
B-15, Medini 9
Persiaran Medini Sentral 1
Bandar Medini Iskandar
79250 Iskandar Puteri
Johor, Malaysia
Tel No. : (607) 288 3111
Fax No. : (607) 288 3112

SOLICITORS

Zaid Ibrahim & Co,
Advocates & Solicitors
Suite 31.01, Level 31
Johor Bahru City Square
106-108, Jalan Wong Ah Fook
80000 Johor Bahru, Malaysia
Tel No. : (607) 226 4999
Fax No. : (607) 226 3999

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : JCY
Stock Code : 5161

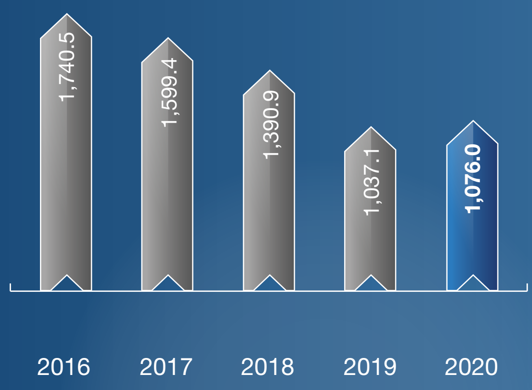
FINANCIAL HIGHLIGHTS

Description	2016 RM Million	2017 RM Million	2018 RM Million	2019 RM Million	2020 RM Million
Revenue	1,740.5	1,599.4	1,390.9	1,037.1	1,076.0
(Loss)/Profit Before Taxation	(6.9)	46.1	(131.2)	(67.8)	38.3
(Loss)/Profit After Taxation	(8.2)	40.9	(112.1)	(54.2)	26.1
(Loss)/Profit Attributable to Shareholders	(8.2)	40.9	(112.1)	(54.2)	26.1
Share Capital	519.0	536.7	536.7	536.7	544.9
Reserves	616.8	552.1	407.1	352.0	378.2
Shareholders' Fund	**1,135.8**	**1,088.8**	**943.8**	**888.7**	**923.1**
Current Liabilities	282.5	271.7	223.7	183.6	208.5
Non-Current Liabilities	38.3	41.6	18.0	6.3	23.1
Total Liabilities	**320.8**	**313.4**	**241.7**	**189.9**	**231.6**
Property, Plant and Equipment	556.5	510.1	393.4	278.5	322.7
Land Use Rights/Right of Use Assets	28.3	27.7	26.9	25.1	29.7
Other Non-current Assets	5.4	4.5	1.7	1.8	5.0
Current Assets	866.4	859.9	763.5	773.2	797.3
Total Assets	**1,456.6**	**1,402.2**	**1,185.5**	**1,078.6**	**1,154.7**
Net Assets Per Share (Sen)	55.1	52.8	45.8	43.1	44.1
Net Earnings Per Share (Sen)	(0.4)	2.0	(5.4)	(2.6)	1.3
Dividend Against Net Earnings	N/M	188.7%	N/M	N/M	0%
Dividend Amount*	103.0	77.3	10.3	10.3	-

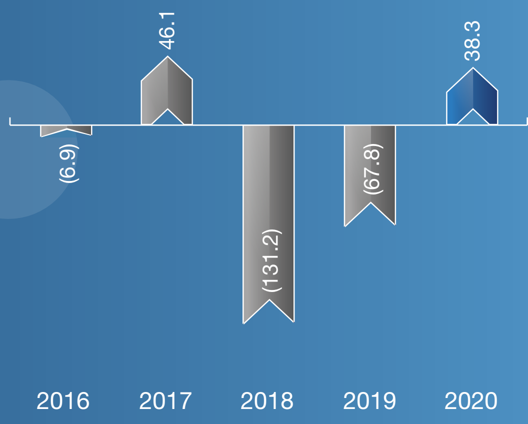
* *inclusive of dividend declared and recognised after end of the financial year for the financial year*

FINANCIAL HIGHLIGHTS
cont'd

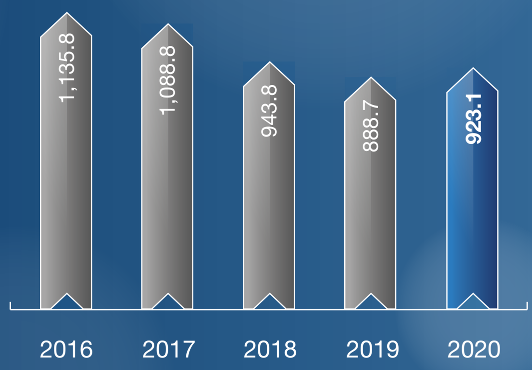
REVENUE
(RM Million)



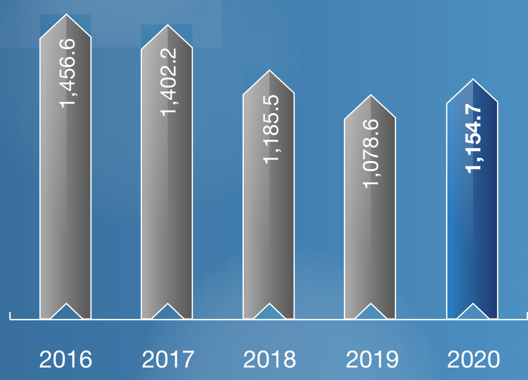
(LOSS)/PROFIT BEFORE TAXATION
(RM Million)



SHAREHOLDERS' FUND
(RM Million)



TOTAL ASSETS
(RM Million)



MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

The JCY International Berhad and its subsidiaries ("the Group") is principally involved in the manufacturing of precision components and sub-assembly. For more than two decades, the Group and its predecessors have been a leading component supplier and contract manufacturer for the Hard Disk Drive ("HDD") industry.

VISION

To be a Supplier of Choice through Excellence.

MISSION

We aim to deliver shareholder value through excellence in design, state of the art technology, financial competence and resource optimization.

To achieve our Vision and Mission, the Group offers vertically integrated solutions which include die-casting, computerised numerical control (CNC) machining, stamping, cleanroom and in-house tool rooms. Our head office is in Johor Bahru, Malaysia, with plants strategically located in Malaysia, Thailand, and China.

FINANCIAL ANALYSIS

Revenue

In financial year ended 30 September 2020 ("FYE2020"), the Group recorded a revenue of RM1,075,983,000. This represents an increase of 4% compared to the revenue recorded in the preceding financial year ended 30 September 2019 ("FYE2019"). This increase in revenue was due mainly to better product sales mixes.

In FYE2020, the Group shipped 3% lesser units of products to its customers compared to the shipments achieved in FYE2019. The reduction was due mainly to lower shipments in the months of March and April 2020 as a result of Movements Control Order imposed by the Malaysian Government amid the global pandemic of COVID-19 ("the COVID-19 Pandemic").

Gross Profit

The Group recorded a gross profit of RM41,843,000 for FYE2020, compared to the gross loss of RM29,515,000 for FYE2019. The improvement in the gross profit was due mainly to:-

Plants consolidation in FYE2019

During FYE2019, as part of the efforts to level our operation capacity to market demands, the Group ceased operations in some of the rented factories located in Johor Bahru, Malaysia as well as a factory located on a leasehold land in Suzhou, China. Though the planned consolidation did not materially impact our capabilities in meeting our customers' demands, the cessation led to a temporary higher operational cost per production unit in FYE2019.

The plants consolidation carried out in FYE2019 has yielded better cost efficiencies in FYE2020.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

Other Items in Statement of Financial Performance

- Other Operating Incomes are incomes that did not meet the definition of revenue. In FYE2020, other operating incomes amounted to RM7,566,000 (FYE2019: RM46,071,000). The high Other Operating Incomes recorded in FYE2019 include a one-time disposal gain of properties, plants and equipment and leasehold land located in Suzhou, China amounting to RM26,404,000 and net exchange gain of RM14,042,000. The Group also recorded higher interest income in FYE2020 with higher cash and bank balances due to the receipts of sales proceeds from the disposal gain of RM80,481,000.

- Finance Cost of RM2,292,000 (FYE2019: RM2,916,000) includes the cost of bank borrowings, interest on lease liabilities and miscellaneous bank charges. The interest expense from bank borrowings, the largest component of Finance Cost, arising from short term bank borrowings which are low interest bearing, stood at RM1,766,000 in FYE2020 (FYE2019: RM2,555,000). The lower interest expense in FYE2020 was due mainly to lower interest rates as measures taken by various countries to boost the economies amid the COVID-19 Pandemic. Interest expense arising from lease liabilities as a result of adopting Malaysian Financial Reporting Standards ("MFRS") 16 amounted to RM250,000 in FYE2020 (FYE2019: nil). Refer to Note 8 to the Audited Financial Statements for further details of the Finance Cost.

- General and Administrative Expenses are generally non-operational costs which were incurred to maintain the supporting services of the Group. The general and administrative expenses stood at RM42,023,000 in FYE2020 (FYE2019: RM51,716,000). A net exchange loss of RM11,215,000 (FYE2019: nil) was also included in this category. The high general and administrative expenses in FYE2019 was due mainly to the one-time retrenchment costs as part of our cost rationalisation programme due to of the scaled down operations.

- Reversal of Impairment Loss on properties, plants and equipment were wholly contributed by a reversal of impairment loss of RM33,195,000 (FYE2019: provision of impairment loss of RM29,712,000) as a result of improvement in net realisation value of the properties, plants and equipment in comparison to the net carrying amount as required under MFRS 136. Refer to Note 2.9 and Note 3.1(c) to the Audited Financial Statements for more details of the impairment reversal.

- Taxation was recorded as a tax expense of RM12,216,000 in FYE2020 (FY2019: tax credit of RM13,615,000). The tax expense recorded were due mainly to the temporary differences arising from the impairment reversal and better earnings by one subsidiary of the Group. Refer to Note 9 to the Audited Financial Statements for further information.

Statement of Financial Position

- Retained Earnings stood higher at RM330,646,000 at the end of FYE2020 (FYE2019: RM314,878,000), this was mainly due to the net profit recorded during FYE2020, despite a dividend pay-out of RM10,305,000 (FYE2019: nil).

- Cash and Bank Balances stood at RM281,338,000 at the end of FYE2020 (FYE2019: RM242,172,000). This increase in cash and bank balances was due mainly to proceeds from disposal of properties, plants and equipment and leasehold land in Suzhou, China.

- Short-term Borrowings stood at RM62,740,000 (FYE2019: RM47,517,000) due to drawdowns of borrowings to support higher sales in the last quarter of FYE2020 and financing for acquisition of machineries.

Statement of Cash Flows

- Operating cash flow before working capital changes contributed a positive cash flow of RM53,851,000 (FYE2019: negative cash flow of RM11,105,000) due mainly to improved profit before tax.

- Net cash flow from operating activities recorded a positive cash flow of RM214,000 (FYE2019: RM77,462,000) due mainly to cash support to the increment in receivables and inventories for higher sales in the last quarter of FYE2020.

- Net cash flow from investing activities contributed a positive cash flow of RM14,197,000 (FYE2019: RM4,059,000) due mainly to receipts of proceeds from disposal of properties, plants and equipment and leasehold land in Suzhou, China.

- Net cash flow financing activities contributed a positive cash flow of RM12,295,000 (FYE2019: negative cash flow of RM4,653,000) due mainly to drawdowns of bank borrowings and proceeds from issuance of new shares pursuant to exercise of Executives' Share Option Scheme ("ESOS") shares.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

Capital Expenditures

During FYE2020, the Group set aside RM54,309,000 (FYE2019: 24,142,000) as capital expenditure mainly for the automation & modernisation of production capabilities and renewal of key plants and equipment.

Gearing

As at the end of FYE2020, the Group's gearing ratio was too low for interpretation as the cash and bank balances are higher than the total liabilities combined. Refer to Note 34 to the Audited Financial Statements for further information on gearing.

Financial Prospects

The following factors may post material impacts on the Group's financial performance for the financial year ending 30 September 2021 ("FYE2021"):-

1. The global demand for HDD and rationalisation of supply chain in HDD industry;
2. The exchange rate of the US Dollar ("USD") against the Malaysian Ringgit and Thai Baht;
3. High Labour costs; and
4. The COVID-19 Pandemic and its impact on global economic development.

The Group will seek to mitigate any adverse impact of the above factors wherever possible. Refer to the section "Risks Analysis" below for more discussions on the factors that may post significant impacts on the Group's financial performance in FYE2021.

OPERATIONAL REVIEW

The Group is organised into geographical operating segments independently managed by their respective management teams who are responsible for the performance of their respective business activities. These segmental managers' report directly to the senior management of the Group who regularly review their operational and financial performance.

Overall Operations

The Group currently operates largely in the digital storage industry, especially in the Hard Disk Drive (HDD) market, which is currently very challenging. The Group is actively reviewing opportunities to bring our capabilities and expertise to bear in other industries.

In FY2019, the Group completed consolidation of its operations across the geographical operating segments. To achieve greater efficiencies and to reduce shared fixed costs, the Group ceased some of its operations in rented factories in Malaysia and moved them to its factories located in Saraburi, Thailand where similar operations are being carried out. The Group also ceased its HDD operations in Suzhou, China and moved them to factories located in Johor Bahru, Malaysia. The results of this consolidation exercise have contributed positively to the financial performance in FYE2020.

In FYE2020, the Group entered into a Business Sales Agreement ("BSA") with SDM Casting Precision Sdn Bhd ("SDM") to acquire SDM's businesses in the automotive industry in Malaysia. The acquisition of SDM's businesses is part of the Group's efforts to diversify its business into non-HDD related industry. The BSA is expected to be completed in FYE2021.

The COVID-19 Pandemic is one of the biggest challenges for the Group's operations in FYE2020. The resulting measures of lockdowns and movement controls, as well as the encouragement of working and studying from home was implemented in many countries across the world. This have changed the way how businesses operate and people collaborate, work and study. Demand for information technology products had increased as people are seeking more portable computing solutions. Cloud services, online meeting & communication solutions, digital contents providers, gaming and social media are all contributing to higher demand for digital storage solutions. However this increase is not expected to continue on in FYE2021.

Malaysia

Malaysia is the most significant geographical operational segment and the headquarters of the JCY Group. There are ten (10) facilities in Malaysia providing various solutions for our customers across the states of Johor and Penang.

In FYE2020, the Group established a new subsidiary, JCY Auto Sdn Bhd ("JCY Auto") with the objective to enter the automotive precision components industry in Malaysia. JCY Auto is expected to contribute revenue from FYE2021.

The COVID-19 Pandemic had caused significant impacts to the Group's operations in Malaysia, especially during the Movement Control Order ("MCO") period which was imposed country-wide with effect from 18 March 2020, whereby all the Group's plants in Malaysia was ordered to completely shut-down.

The plants were subsequently allowed to partially resume its operations upon approval from the relevant authority to operate at a reduced capacity from 29 March 2020. It was not until 29 April 2020 that the plants were finally permitted to resume operations at its full capacity. During the MCO period, the production outputs of the Malaysian plants were significantly and adversely affected.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

The foreign workers policy and the minimum wage policy has been one of the biggest challenges for our operations in Malaysia and this will be further discussed in the Risk Analysis section below.

Thailand

Many of the Group's partners and customers are situated in Thailand which have a strong infrastructure system to support our activities. Our facilities in Thailand are principally involved in machining and cleanroom operations.

In addition to the limited lockdowns and movement restrictions imposed in Thailand amid the COVID-19 Pandemic, the Group's facilities in Thailand were also adversely affected by shortages of raw materials that are sourced from Malaysia during the MCO period.

Flooding is always one of the significant risks for our Thailand operations. In 2011, many of the key industry zones in Thailand suffered from a major flood which fortunately did not affect the Group's facilities in Saraburi province. On top of the flood control and mitigation measures implemented by the Thai authorities, our Thai subsidiary also adopted several measures to safeguard our operations from future flooding.

People Republic of China ("China")

In FYE2019, the Group established a subsidiary YQ Technology (Jiangsu) Co., Ltd ("YQ Tech"), in China. Despite the delay in commencement of operations due to the COVID-19 Pandemic, YQ Tech has now started operations with orders from an established and leading aerospace manufacturer in the second half of FYE2020.

RISKS ANALYSIS

The Board of Directors and the Management understand the importance of risk management and an Enterprise Risk Management Committee at the Board level was established to monitor the potential risks. The risk management approach adopted by the Company is further detailed in the Statement of Internal Control and Risk Management.

Market risk

The Group's business activities are principally involved in the HDD industry. With the expected gradual reduction in future global demands, major HDD producers may possibly embark upon a rationalisation of their supply chain, which in turn will affect HDD component suppliers. While the Management continues to improve the operational effectiveness and efficiencies to support the Group's success in the HDD industry, it will continue to deploy its resources to accommodate likely changes in the market. Management is also actively looking for opportunities to diversify into other related and new business activities.

More information on the mitigating measures of the sustainable business model can be found in the Sustainability Statement.

Labour and Labour cost risk

Labour shortages is one of the major challenges faced by the Group's operations, especially in Malaysia. The recent trend of higher minimum wages and other human resource related costs observed in Malaysia, Thailand and China is a growing concern affecting our business activities.

Additional labour costs have also resulted from the Group's commitment to the Code of Conducts promoted by the Responsible Business Alliance, the world's largest industry coalition dedicated to corporate social responsibility in global supply chains.

The Group recognises these human resource risks and it has formulated several mitigation strategies, including but not limited to engaging in advanced automation projects to reduce our reliance on manual labour. More information on the mitigating measures for the labour management can be found in the Sustainability Statement.

Exchange risk

The Group operates in three (3) countries and its revenue is highly correlated to the strength of USD. Volatile exchange rates between the local currencies and the USD will likely have a substantial impact on the financial performance of the Group. This exchange risk is further detailed in Note 33(d) of the Audited Financial Statements.

The Group practices natural hedging to partially mitigate the exchange risk and takes up financial hedging tools to further reduce the exposure of the exchange risk whenever it sees potential benefits.

The COVID-19 Pandemic and global economic development risk

The COVID-19 Pandemic have impacted many aspects of the global economies. The changes in interest rates and monetary policies by many countries had led to and may lead to further fluctuations in interest rates and currencies exchange rates that may have significant impacts on the Group's reporting results in FYE2021.

The large base of the Group's 9,300 workers and employees translates into a relatively higher risk of them contracting the SARS-CoV-2 virus that causes COVID-19, which may in turn cause interruptions to the Group's operations and adversely impact the Group's reporting revenue and results in FYE2021. Further risks amid the COVID-19 Pandemic include the continuation or new implementation of lockdowns or movement restrictions that may restrict the cross-border transportations of goods and human resources.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

The Management will continue to actively monitor the situation and development of the COVID-19 Pandemic in the countries where it has operations and the monetary policies made by leading countries, and to take necessary actions to mitigate the adverse impacts.

Realignment of customer base

Subsequent to the end of the financial year, one of the Group's major customers informed the Group that they intend to firstly reduce and eventually stop purchases of one of the Group's component products which previously accounted for a material proportion of the Group's revenue for the year ended 30 September 2020. This may have negative impacts on the Group's revenue, cost of production and possibly result in impairment provisions for the financial year ending 30 September 2021.

At the same time, the Group has commenced a major realignment of its customer base. The Group has committed a significant amount of capital and resources for this major realignment and is ramping up production for certain components, including a new range of products for these customers. The Group is fully dedicated to achieving these targets, which will have a positive impact on our financial results for the financial year ending 30 September 2021 and beyond.

FORWARD LOOKING STATEMENT

Principal Business Segment

The COVID-19 Pandemic has brought many challenges and uncertainties to the HDD business segment. The HDD unit shipments in the year 2020 were lower than originally forecasted due partly to disruptions in HDD components supply chain amid the COVID-19 Pandemic. The decline in demand for HDD units in year 2021 is projected to be softened with similar shipment units as year 2020.

New Business Opportunities

The Group continues to be competitive in the HDD space, and we are also exploring the possibilities of utilizing our core competencies and capabilities in other related and new fields.

The Group adopts two (2) strategies for the long term sustainability of our business:-

- **Horizontal Expansion** in the digital storage industry by increasing our market share within the supply chain and expanding our range of products to more customers within the digital storage industry. This horizontal expansion plan includes entering into the supply chain for the Solid State Drive ("SSD") industry.
- **Diversification** into other related and new industries, such as automotive and aerospace industries.

During FYE2020, the Group had engaged in new business opportunities in the automotive industry in Malaysia and had commenced new businesses in the aerospace industry in China.

Dividend and Distribution

The Board decides or recommends any dividend payments by carefully examining the profitability, liquidity and cash-flow position of the Group. In FYE2020, the Group did not declare or propose any dividend.

APPOINTMENT OF NEW DIRECTOR

On 16 December 2020, Mr. Gouw Kim San ("Mr. Gouw") was appointed as an Executive Director cum Chief Operating Officer of the Company. The Board believes the appointment of Mr. Gouw, with his many years' experience in the HDD industry, will contribute positively to the operations and performance of the Group.

RECOGNITION AND APPRECIATION

On 31 December 2019, Mr. Lim Ching Tee Peter ("Mr. Peter Lim"), an Executive Director and pioneer contributor of the Group, submitted his notice of resignation due to personal reasons. Mr. Peter Lim's of accomplishments in the operation of the Group, especially in the aspect of quality assurance, had contributed positively to the success of the Group and its predecessor companies. We acknowledge and appreciate his great contributions and loyalty in his decades long of work life with the Group. The Board accepted Mr. Peter Lim's resignation with regret, and we wish him all the best in his future endeavours.

On behalf of the Board, we wish to record our appreciation and gratitude to all of our staff for their hard work and contributions towards the continued success and transformation of the Group's operation. We also wish to extend our appreciation and gratitude to our customers, suppliers, business associates, and members of the banking and investment community for their continued support and confidence in the company.

PROFILE OF DIRECTORS AND KEY SENIOR MANAGEMENT

DR. ROZALI BIN MOHAMED ALI
Aged 73, Malaysian, Male
Chairman

Independent Non-Executive Director
Chairman of the Remuneration Committee
Member of the Audit Committee
Member of the Nomination Committee

Board meeting attendance in the financial year: 5/5

Dr. Rozali Bin Mohamed Ali ("Dr. Rozali") was appointed as Chairman and Independent Non-Executive Director on 13 November 2009.

Dr. Rozali started his career in 1970 at Lembaga Letrik Negara Tanah Melayu, before he was appointed as Assistant Director-General, Institute of Strategic and International Studies (ISIS) Malaysia in 1990, an appointment he held until 1995. Dr. Rozali was then appointed as Executive Director of Commerce Asset-Holdings Berhad (now known as CIMB Group Holdings Berhad) from 1996 to 2000, Managing Director and Chief Executive Officer of Bumiputra-Commerce Bank Berhad (now known as CIMB Bank Berhad) from 2000 to 2004, and Executive Director and Chief Executive Officer of Bumiputra-Commerce Holdings Berhad (now known as CIMB Group Holdings Berhad) from 2004 to 2005.

Dr. Rozali graduated with a B.Sc (Hons) in Mechanical Engineering from Brighton Polytechnic, Sussex, England, and attained his M.Sc. in Thermal Power Engineering, Diploma of Imperial College (D.I.C.) and PhD in Electric Power Systems Planning from the Imperial College of Science & Technology, University of London.

Dr. Rozali is currently also the Pro-Chancellor of the International Centre for Education in Islamic Finance.

GOH CHYE KANG
Aged 64, Singaporean, Male
Executive Director

Key Senior Management
Member of Enterprise Risk Management Committee

Board meeting attendance in the financial year: 4/5

Mr. Goh Chye Kang ("Mr. Goh") was appointed as an Executive Director on 13 November 2009.

Mr. Goh has more than 37 years of working experience in the components manufacturing industry of which 29 years was in the hard disk drive industry. Prior to joining the Company, Mr. Goh was the Vice President - Operation from 1998 to 2005 in the Precision Engineering Division of Beyonics Technology Limited, a company listed on the Singapore Exchange Securities Trading Limited. Prior to that, he was attached to Maxtor Peripherals for 8 years and was the Senior Director of Materials when he left in 1997.

Mr. Goh has a Master of Business Administration from Brunel University, United Kingdom. He is also a certified Six Sigma Champion and a qualified Lean Manufacturing Captain/Master.

PROFILE OF DIRECTORS AND KEY SENIOR MANAGEMENT
cont'd

DATO' WONG KING KHENG
Aged 68, Malaysian, Male
Executive Director

Key Senior Management
Chairman of Enterprise Risk Management Committee
Member of the Remuneration Committee

Board meeting attendance in the financial year: 5/5

Dato' Wong King Kheng ("Dato' Wong") was appointed as an Executive Director on 30 November 2005.

Dato' Wong was the Director of Soh & Wong Management Consultant Pte Ltd, a management consultancy firm in Singapore, and was the Partner of Soh Wong and Partners, a public accounting firm in Singapore, from 1989 to 2000. He is presently the Managing Partner of KK Wong & Associates. Prior to that, he was an audit manager in an international accounting firm, which gave him extensive exposure in the fields of auditing, tax planning, management consulting and public listing consulting.

Dato' Wong also sits on Board of Directors of various public companies listed on the Singapore Exchange Securities Trading Limited as Independent Director and is also their Chairman of the Audit, Remuneration and Nomination Committees. He is also a Director of a number of private companies in Singapore.

Dato' Wong is a member of the Institute of Chartered Accountants in England and Wales, the Institute of Singapore Chartered Accountant, the Malaysian Institute of Accountants and the Australian Certified Practising Accountants.

DATO' TAN SHIH LENG
Aged 56, Malaysian, Male
Executive Director

Key Senior Management
Member of Enterprise Risk Management Committee

Board meeting attendance in the financial year: 5/5

Dato' Tan Shih Leng ("Dato' Tan") was appointed as an Executive Director on 1 July 2011.

Dato' Tan held the position of General Manager - Operations in the Company (and its Predecessor Group) since 1997 prior to his appointment as a Director of the Company. He is responsible for the daily operations and administration of the Company's plants and manufacturing activities, such as die-casting, machining, stamping, plating, plastic moulding and clean room assembly. In addition, he also takes charge of human resource, plant facility, material planning, engineering, production and logistic planning.

Prior to joining the Company, Dato' Tan held several positions in other manufacturing companies from 1991 to 1996. In his previous working experiences, Dato' Tan was responsible for these companies' daily operational activities including casting, CNC machining, assembly, first article, quality control, process planning and production control for various components such as baseplate, cover and actuator.

Dato' Tan holds a M. Sc in Mechanical Engineering from The City University of New York, and a B. Sc in Mechanical Engineering from Oklahoma State University, United States of America.

PROFILE OF DIRECTORS AND KEY SENIOR MANAGEMENT
cont'd

GOUW KIM SAN
Aged 55, Singaporean, Male
Executive Director cum Chief Operating Officer
(Appointed on 16 December 2020)

Key Senior Management
Member of Enterprise Risk Management Committee
(Appointed on 16 December 2020)

Board meeting attendance in the financial year:
Not Applicable

Prior to Mr. Gouw Kim San ("Mr. Gouw")'s appointment as an Executive Director cum Chief Operating Officer of the Company on 16 December 2020, he was the General Manager of Western Digital (M) Sdn. Bhd. ("WD (M)"), a high volume and high complexity hard disk drive (HDD) manufacturing company. From 1995 to 2012, he was the Vice President - Head Disk Assembly (HAD) and CR Engineering of WD (M). He was responsible for all Cleanroom and Mechanical Engineering related functions for all Western Digital HDD facilities in Thailand and Malaysia.

From 1992 to 1995, Mr. Gouw was the Department Manager of Manufacturing Engineering of Ministor Peripherals (S) Pte. Ltd. He had successfully set up the IQA, QC and Reliability function for the Quality organisation. He was subsequently responsible for all process and product engineering.

From 1988 to 1992, Mr. Gouw was the Senior Manager, Reliability of Seagate Technology (S) Pte. Ltd. He was responsible for the reliability testing and qualification of new changes. He had won best project award in the 1992 Seagate Institute Technology (SIT) training program.

Mr. Gouw holds a Bachelor of Engineering (Electrical and Electronics) from Nanyang Technology Institute.

LIM CHING TEE PETER
Aged 61, Singaporean, Male
Executive Director
(Resigned on 31 December 2019)

Key Senior Management
Member of Enterprise Risk Management Committee
(Ceased on 31 December 2019)

Board meeting attendance in the financial year:
1/1

Prior to his appointment as an Executive Director of JCY on 1 January 2012. Mr. Lim Ching Tee Peter ("Mr. Peter Lim") held the appointment of General Manager - Quality Assurance in the Company since 1997. He has been responsible for the planning, organising and administration of activities to ensure the delivery of quality products to the Company's customers.

Mr. Peter Lim has held other similar appointments in other manufacturing companies before joining the Company, including Technic Precision (S) Pte Ltd from 1995 to 1997, Technicast (S) Pte Ltd from 1994 to 1995, Advanced Die Casting Pte Ltd from 1984 to 1989 and was a Supplier Quality Engineer in Miniscribe Peripherals Private Limited/Maxtor Corporation from 1989 to 1994.

Mr. Peter Lim holds a Diploma in Mechanical Engineering from Singapore Polytechnic, and is trained in Die Casting Technology from Switzerland and Germany. He holds individual membership in the Singapore Quality Institute.

PROFILE OF DIRECTORS AND KEY SENIOR MANAGEMENT
cont'd

CHANG WEI MING
Aged 69, Malaysian, Male
Independent Non-Executive Director

Chairman of the Audit Committee
Member of the Remuneration Committee
Member of the Nomination Committee

Board meeting attendance in the financial year: 5/5

Mr. Chang Wei Ming ("Mr. Chang") was appointed as an Independent Non-Executive Director on 13 November 2009.

Mr. Chang had held several Executive and Directorship positions within the MBf Group in Malaysia. His last appointment was General Manager of MBf Holdings Berhad, responsible for Group Corporate and Treasury functions and as Group Company Secretary. He then joined the National University Hospital (S'pore) Pte Ltd and served as Chief Administration Officer, Company Secretary and Director of NUH Referral Laboratories Pte Ltd. His next appointment was as Finance Director of Liang Huat Aluminium Limited until 1998, when he left to provide consulting services to both listed and private companies.

Mr. Chang graduated from the University of Malaya in 1975 with a Bachelor of Economics (Hons) and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Mr. Chang was publicly reprimanded by Bursa Malaysia Securities Berhad on 12 October 2020, with a total fine of RM6,400.00 for breaching paragraph 16.13 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements in relation to his former directorship in FSBM Holdings Berhad.

CHAN BOON HUI
Aged 53, Singaporean, Male
Senior Independent Non-Executive Director

Chairman of the Nomination Committee
Member of the Audit Committee
Member of the Remuneration Committee

Board meeting attendance in the financial year: 4/5

Mr. Chan Boon Hui ("Mr. Chan") was appointed as an Independent Non-Executive Director on 13 November 2009.

Mr. Chan is presently the Managing Director of Chancery Capital. He has 26 years of regional and international investment banking experience with the Rothschild, BNP Paribas and OCBC groups in Singapore and New York.

Mr. Chan graduated with a Masters Degree in Law from Cambridge University, and is a Chartered Financial Analyst.

Save as disclosed above, none of the Directors and members of the JCY Group's Key Senior Management has-

1. *any other directorships in public companies and listed issuers in Malaysia;*
2. *any family relationship with any Director and/or major shareholder of the Company; and*
3. *any conflict of interest with the Company.*

Save and except for Mr. Chang Wei Ming, none of the Directors and members of the JCY Group's Key Senior Management has any conviction for offences within the past five (5) year other than traffic offences, if any or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

SUSTAINABILITY STATEMENT

JCY recognises the increasing importance of the Economic, Environment & Social ("EES") influences that affect our operations. With this recognition, the Company and its subsidiaries ("the Group") has committed to not just utilising and maximising the values of the sustainability techniques but to embed the essence of the sustainability into our day-to-day culture and the Group's strategies.

The Group has established or restructured several taskforce teams to oversee and manage the risk and opportunities of the material aspects of the EES, and these measures are to be further enhanced through our several other efforts in ensuring the strength and effectiveness of our corporate governance policies. Together, these initiatives complete our sustainability structure.

JCY is certified to ISO 22301:2012 Business Continuity Management System ("BCMS"). The BCMS serves as the base for the Group's planning and executing activities relating to corporate sustainability and guide the steering committee in establishing a resilient sustainability framework and practices for the management of material aspects, impacts and risks of EES.

SUSTAINABILITY FRAMEWORK

The Group adopts a two-way sustainability reporting structure, where the policies and plans are directed by the Board of Directors and are driven down through the Management to the Taskforce Teams. The Taskforce Teams will be the main executors to identify, analyse and make recommendations with respect to material aspects of the EES to the Management and the Board of Directors. The Board of Directors will then rely on the feedbacks from the Taskforce Teams and the Management to assess the appropriateness of the Group's sustainability situations and make necessary policies and directions.

The Board of Directors, which consists of all the Directors of the Company are ultimately accountable for the effective establishment and management of the sustainability framework and is responsible for the setting of the sustainability related policies and strategies.

The Management, through a steering committee, is responsible for carrying out the sustainability related policies and strategies as set by the Board of Directors. The Management principally delegates most of the operations of sustainability matters to several taskforce teams.

Taskforce Teams, which report to the Management, are tasked to assist the Management for the implementation and monitoring of the sustainability initiatives. The taskforce teams are further categorised into different divisions based on their area of focuses such as environment, customers focus, supply-chain management, Responsible Business Alliance, economics, corporate governance/compliance and corporate social responsibility.

SUSTAINABILITY STATEMENT
cont'd

With the distinctive and comprehensive nature of the contexts of EES, and to facilitate the implementation, monitoring and management of the sustainability related matters, we identify and group the material aspects of the EES into five (5) principal strategic pillars, namely Community, Environment, Employee, Market and Governance.

(i) Community

The local communities for where JCY operates its businesses. JCY principally operates in 4 locations of 3 countries, namely Johor Bahru (Malaysia), Penang (Malaysia), Saraburi (Thailand) and Suzhou (China). We understand that our operational establishments in the locations may influence or be influenced by the local communities. We pledge ourselves to be a contributing partner to uphold the wellbeing of the local communities. This is also part of our commitments for corporate social responsibility.

(ii) Environment

As an essential element of the sustainable development of humanity and prosperity, environment preservation is always one of our priorities. On top of observing the legislative requirements on environment related matters, JCY further commits to more stringent environmental requirements through the certifications of the established international environmental standards such as ISO14001:2015 and commitment to the Responsible Business Alliance's Code of Conducts.

(iii) Employee

JCY employs approximately 9,300 employees for its regional operations and we duly appreciate the contributions from each of our employees on their respective expertise, knowledge, skills and labour for the success of the company's business. Through the analysis of our business sustainability model, we recognise that our employees are one of the most prioritised stakeholders as well as one of the most important contributing aspects that will have great influence towards the sustainability of the Company.

(iv) Market

The Management (including the Board of Directors), our customers, our suppliers and our shareholders share similar importance as both the influencer and dependence on the sustainability of the Group's business. Our competitors and suppliers are another major aspect that may have significant influence or dependence on the Group's sustainability.

(v) Governance

The Group recognises the importance of practicing high standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance and integrity of the Group. More of the practices and models of corporate governance are discussed in the Corporate Governance Overview Statement.

SCOPE OF THE SUSTAINABILITY STATEMENT

This Sustainability Statement, which summarises the policy, framework, analysis and deliveries of our Sustainability efforts, was prepared in compliance with the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad and guided by the Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia Securities Berhad.

JCY principally operates in three (3) countries, namely Malaysia, Thailand and China. The Group's Corporate Sustainability Framework applies to all these 3 locations where JCY has operations.

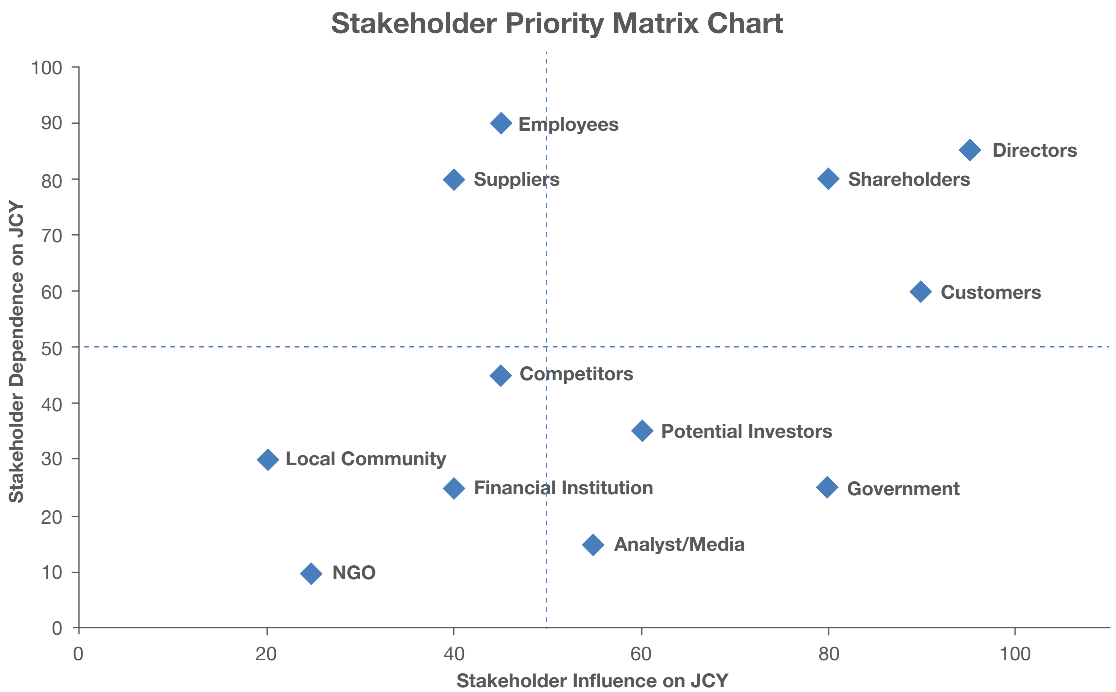
Notwithstanding that Corporate Governance forms an integrated part of the Sustainability Framework, the detailed framework and practices for Corporate Governance will be reported separately in the Corporate Governance Overview Statement of this Annual Report and this Sustainability Statement may cover some other influences and practices in general governance which may or may not be otherwise reported in the Corporate Governance Overview Statement.

STAKEHOLDERS AND PRIORITISATION MATRIX

A detailed and structured study into the stakeholders, and the influences they possess on the Group's business sustainability model, has been conducted to facilitate our prioritisation and engagement planning with them.

By careful scrutinising and grouping the stakeholders, we further analyse their respective importance through 2-dimensional analysis, namely their influence and dependence on the sustainability of JCY. The result will serve to guide our prioritisation and engagement planning.

The graph below summarises the result of the analysis of the stakeholder prioritisation, highlighting the stakeholders who are on right and upper corner in the graph will have both the greatest influence and dependence on the success of JCY.



SUSTAINABILITY STATEMENT
cont'd

MATERIALITY ASSESSMENT

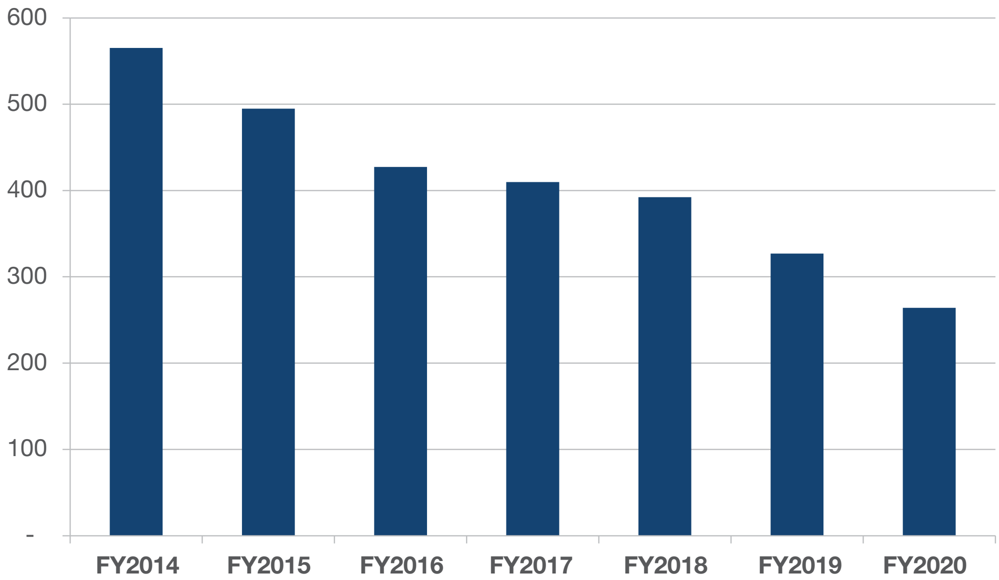
With the stakeholders prioritised, we look into the business and non-business aspects surrounding the ambience and existence of JCY and assess how these matters may have an impact on our substantial stakeholders and how material the impact is. There could be thousands of potential matters that may have some degree of effects on one, or a group, of our stakeholders. The identification and prioritisation processes of the material matters are complicated and challenging.

However, through experience, by referring to the international standards and the engagement with the stakeholders, we manage to narrow down the material matters to those which may have greater concerns to the stakeholders. For the first Sustainability Statement to be released by the Company, we would limit down and keep our focus to few key material matters as listed in the table below for discussion.

Matters	Strategic Pillars	Stakeholders
Sustainable Business Model	Market, Governance	Directors, Shareholders and Potential Investors, Customers, Suppliers, Employees, Government, Competitors, Financial Institutions, Analyst/Media
Governance	Market, Governance	Directors, Shareholders, Employees, Government, Customers, Suppliers
Customer Satisfaction	Market	Customers, Directors, Employees, Industrial Peers
Human Resources Management	Market, Employee	Employees, Directors, Shareholders and Potential Investors
Community engagement	Community	Local Community, Government, NGO, Analyst/Media
Environmental preservation	Environment	Directors, Employees, Local Community, Government, NGO
Epidemic	Community, Employee, Market	Directors, Shareholders, and Potential Investors, Customers, Suppliers, Employees, Government, Financial Institutions, Analysis/Media, Local Community, NGO

Sustainable Business Model

Throughout the history of the Group, the sales of Hard Disk Drive ("HDD") components has been the main source of income for JCY. This business model has posted one of the biggest challenges to the sustainability of the company amid the gradual declining global sales of HDD units over the past few years.



(Million units) Global sales of HDD has declined 53% in FY2020 compared to FY2014

SUSTAINABILITY STATEMENT
cont'd

We had discussed this concentration risk of market in our Management Discussion and Analysis. The potential high concentration risk on revenue generation has an equal risk and pressure on the deliverables of the business's financial results. For this matter to have a direct and great impact on our financial results, it involves a larger group of stakeholders and doubles the importance of this matter.

The Board of Directors recognises the importance of this matter and has prioritised this high revenue concentration matter to be one of the top agendas in the Board's deliberations, at every occasion where the Board members met.

In each of the Board meetings, the Board discussed the developments, challenges and risks associated with the HDD industry and its supply chains, as well as the strategies and directions for diversification of the Company business and to source for more business revenue from other industries other than the HDD industry.

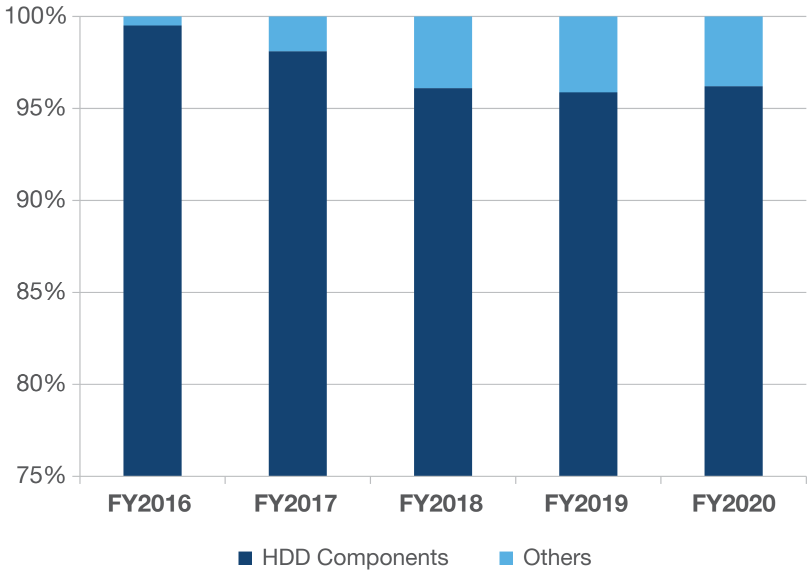
In the financial year 2016, the non-HDD revenue stood at approximately 0.5% of the total revenue generated by the Group. This number improved to 1.9% in the financial year 2017 where we saw some improvements on non-HDD revenue from the sales of components to other business sectors, including the sales of components to the Solid State Drive ("SSD") sector. SSD has been generally thought to be the next generation of digital storage technology that will potentially replace a large portion of digital storage demand currently fulfilled by the HDDs.

In the financial year 2019, one (1) of our Malaysian subsidiaries received the certification of IATF 16949:2016 Automotive Quality Management System. The certification to IATF 16949:2016 marks a major milestone for JCY towards its objective of diversification into automotive industry, which will enable JCY to better leverage its strength and capabilities in casting, mould fabrication and precision machining.

In the financial year 2020, JCY entered into a Business Sales Agreement with SDM Casting Precision Sdn. Bhd. to acquire its businesses in the automotive industry. A new wholly-owned subsidiary, JCY Auto Sdn. Bhd., was established to spearhead the diversification plan of the Group's businesses into automotive industry. The Group's other diversification plans include its new operation plant in Jiangsu province of China, which was recently qualified by a key player of the aerospace industry in China.

The non-HDD sectors contributed approximately 3.8% of the total revenue generated by the Group in the financial year 2020.

Source of Revenue	FY2016	FY2017	FY2018	FY2019	FY2020
Sales of HDD Components	99.5%	98.1%	96.1%	95.9%	96.2%
Others	0.5%	1.9%	3.9%	4.1%	3.8%



SUSTAINABILITY STATEMENT
cont'd

Nevertheless, the Board deems that the contribution of revenue generated from sources other than HDD industry is still far from satisfactory. The Management continues to actively extend the Group's capabilities to other business sectors and is actively looking for new business opportunities that will best utilise our fields of expertise. We expect to deliver a greater dilution of revenue concentration in the next five (5) years.

To achieve the ultimate goal of reducing our dependency on HDD industry, we carefully analyse our fields of expertise and align with those industries and products that may require our specialised skills and experience and we will reach out to them. We identify our core capabilities to include precision die casting, machining, stamping, gasket plotting, metal coating and plating, as well as high cleanliness level ultrasonic cleansing processes, cleanroom assembly for electronic components, design and fabrication for precision tools and moulds and other related fields.

With our core expertise and strengths in mind, we reach out to professional intermediates for linking us with potential customers and markets. We will also recruit business development professionals to explore for business opportunities. We will not limit our business development activities to only the emerging markets such as ASEAN and Asia, but also in the matured market of America, as we see the opportunities of a potential shift of international procurement strategies and trade models as a result of the increasing trade disputes between the United States of America and China.

How the Sustainable Business Model has the impacts to our stakeholders

Stakeholders	Impacts
Directors	The competencies of the directors on leading and setting the Group policies and strategies will have the greatest direct effect on the success of the sustainable business model. Some portions of the executive directors' remuneration will be affected by the effectiveness of the sustainable business model and the Group's deliveries of the financial results.
Customers	Our main customers are key manufacturers in the HDD industry. High concentration of revenue upon them may bring too much pressure on ensuring the financial health on us as their key partner.
Suppliers	Our suppliers generate their revenue from our business. Our revenue generation capability will have a similar effect to our suppliers' revenue generation.
Employees	JCY's ability to generate revenue decides the size of workforce that it needs, and this will in term have a direct impact on our employees.
Shareholders	Our shareholders are dependent on our distribution of profits and the performance of the share price. Our revenue and profit generating power will have a direct impact on the rewards that the shareholders may receive.
Government	Our profitability has a direct impact to the tax revenue the Government collect from us.
Financial Institutions	Our financial risk and rewards would pass on to our bankers.

Customer Satisfaction

Customer Satisfaction is crucial to the business success. JCY recognises this and commits to excel ourselves and to become the supplier of choice. We have embedded this commitment into our slogan "The Supplier of Choice through Excellence". This slogan and its spirit shine at every occasion and in our engagement with our customers.

Customer engagement

JCY emphasises highly on the communication with the customers so as to understand their expectations of the products and services that we have to offer. We assign key personnel from respective functions as "customer focus", who will serve as the communication channel with our customers. These functions include customer service, quality assurance, product cleanliness, engineering, operation, planning, finance and the new products introduction.

SUSTAINABILITY STATEMENT
cont'd

We have regular official business review meeting with our key customers at least once in every six (6) months where both JCY and the customers will take the opportunity to share ideas and information with regards to the strategic partnering between the customers and JCY. Every quarter, JCY's head of operation and financial representatives will meet with our key customer's representatives to share the information from the operational and financial perspectives. Both the customers and JCY will exchange their respective expectations and deliverables at the meetings.

Apart from the official scheduled meetings with the customers, many other occasional meetings are also held to exchange ideas and information of various topics at different levels of JCY and the customers. Our close relationship and frequent engagements with our customers have enhanced our capability to understand the customers' expectations, so as to deliver our products and services to their satisfaction.

Quality First

JCY commits to deliver only the best quality of products to the customers. Our quality practices are in compliance with the internal standards such as ISO 8001:2015 and these have demonstrated our commitment to the customer satisfaction and delivery of best products.

Rankings and Awards

JCY's performance is evaluated by its customers biannually and our position in the deliveries of customers' satisfaction against our industry peers will be announced through a transparent score card system. Our key products have been evaluated by our largest customer as one of their Best in Class.

Apart from rankings among the industry peers, our key customer also awards the suppliers in acknowledgement of their excellent performance or contributions on specific tasks or areas. For example, JCY has been awarded the Best Tiger Team and Most Pro-active Supplier for the year 2018 by our major customer.

Governance

JCY recognises the importance of corporate governance, ethical conduct and compliance to regulations is fundamental in upholding shareholders' and other stakeholders' interest.

The following summarises some of the practices that we exercise in safeguarding the interests of our stakeholders by observing good governance practices:-

1. An established Financial Management Discipline intended to drive excellence in financial management with the objective of preserving and enhancing the quality of business as a going concern.

2. An established Enterprise Risk Management structure to ensure that a systematic process and delegation of responsibility is clearly set out to guide Management.

3. Upholding transparency and integrity in its supply chain management. In an effort to strengthen the overall responsiveness and quality of the supply chain, the Group has also collaborated with its major customers to share and exchange knowledge with the objective of enhancing the management system, process design, internal control and technical know-how.

4. Complying with International Organisation for Standardisation (ISO) standards and Responsible Business Alliance's Code of Conduct, where a strict code of business conduct based on industry best practices and ethics were formulated, which the Group abides by in all types of business transactions and operation practices.

5. Enhancing skills and development of employees to achieve professionalism in good business conduct. Public communications, like financial reports, contain disclosures that are fair, accurate, timely and understandable.

6. Applying the principles in compliance with the recommendations as set out in the Malaysian Code on Corporate Governance and strict adherence to the MMLR of the Bursa Malaysia Securities Berhad.

7. In selecting its directors, the Group seeks individuals who are of high integrity, value-adding orientated and have a genuine interest in their respective roles in the Group. They are tasked with the responsibility of exercising their professional judgment to act in what they reasonably believe to be in the best interest of the Group.

SUSTAINABILITY STATEMENT
cont'd

8. A Business Continuity Plan has been established to prepare the Group in the event of natural and human disasters such as fire, floods, utility disconnections, medical epidemic, supply chain disconnection, information technology disaster, financial difficulties and human resource shortage. The plan targets specifically on the reaction in the soonest possible time for reducing the impacts of the disasters and restoration of operations to the widest extent possible in a minimum time frame.

We also demonstrate our commitment to safeguard the interests of our business associates in the marketplace by establishing a strong corporate governance system. Details of our corporate governance practices are elaborated in the Corporate Governance Overview Statement.

Human Resources Management

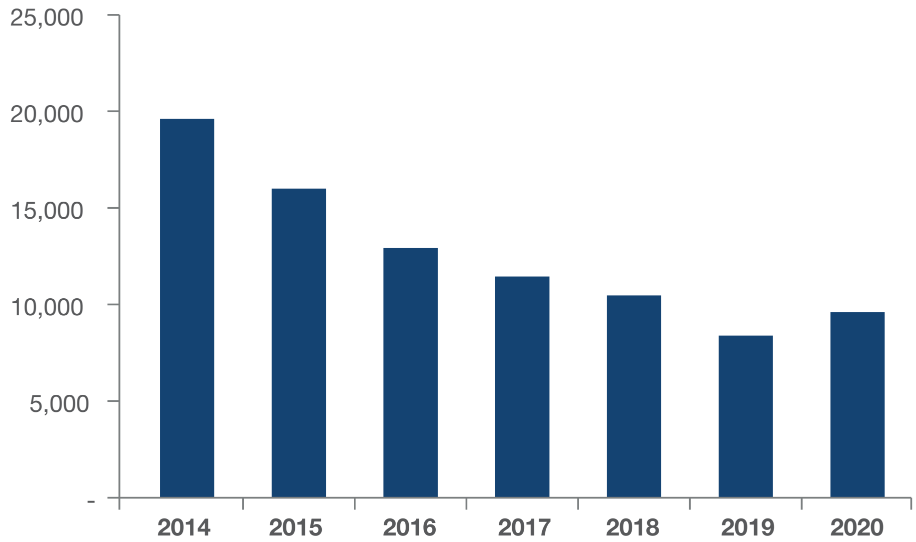
Labour dependency reduction

Human factor is one of the most challenging aspects in our business. JCY has a taskforce of 9,300 people that comprise of various cultural backgrounds, each with different values and expectations. The complexity of the workers' cultural norms and practices poses a significant challenge to human resource management due to uncertainties and unpredictability of human behaviours.

Apart from human factors, the increasing minimum wages in locations that JCY carries out its operations has made wages to become one of the major cost components for our outputs. It is inevitable for JCY to reduce the labour dependency by improving its labour efficiency or through the introduction of automated processes.

One of the key approaches that JCY focuses on to reduce its reliance on manual labour is to engage with automation processes. A substantial portion of the Group's capital expenditures were spent to automate processes, improve productivity and to consolidate operations with the target to reduce the reliance on manual labour.

With endeavours above, the manpower employed by JCY Group of companies has managed to reduce more than half of its global headcounts over the six (6) years span from the end of the financial year 2014 to end of financial year 2020.



Workers' welfare and retention

In retaining and nurturing the best talents, we continually provide our employees with education and training. Our training programmes relate to leadership skills, as well as technical and behavioural competencies. Currently, one of our focuses is on the Employee Training and Development Programme which is achieved through internal and external trainings aimed at equipping our employees with skills and knowledge that will facilitate them in carrying out their duties at work.

We strongly believe that human capital is the most important value to an organisation. We place great importance on the welfare of our employees. On top of the mandatory requirement of the social security scheme or workman compensation contribution, the Group also provides insurance coverage to the Management Staff and subsidises coverage for the rest of the workers.

We place equal importance on the safe and healthy working conditions for our employees. The Group adopts several policies to safeguard employees in all of its business operations, examples of which are Fire Safety Policy, Smoking Policy and First Aid Policy. A Health and Safety Team has been established and is tasked to support these measures.

The team members receive training from various bodies such as the National Institute of Occupational Health & Safety and the Malaysian Red Crescent. At the workplaces, we continue to ensure that equipment and building systems are functioning properly and are well maintained.

The Group's premises are also well-equipped with facilities for employees' convenience. The Company provides an in-house clinic, with full-time industrial nurses to provide medical consultation and treatment, surau facility, a 24-hour canteen, transport and hostels with free utilities charges for operators.

Occupational safety and health

Workplace safety is also part of our top priority. The Group provides regular safety trainings including emergency evacuation drills, firefighting training and first aid training to the workers in case of emergency events.

JCY commits to the compliance of the Responsible Business Alliance's Code of Conducts, which provides one of the most stringent requirements over occupational safety and health, with an aim to provide a better working environment.

Fraudulent Acts of Employees

Section 17A of the Malaysian Anti-corruption Commission Act ("MACC Act") holds the Company and the directors liable in the events that an associated person of the Company corruptly gives to any person any gratification with intent to obtain, or retain advantage in the conduct of, business for the Company. The Section 17A of the MACC Act carries a penalty of not less than one (1) million Ringgit or ten (10) times the value of the gratification, or imprisonment for a term not exceeding twenty (20) years, or both.

The Group had established an Anti-Bribery and Anti-Corruption Policy that sets out the Board's commitments, expectations and principles to contain acts of bribery and corruption in the Group's operations.

In the Anti-Bribery and Anti-Corruption Policy, the Board commits that:

- The Group shall conduct its businesses with high standard of conscience and integrity, and in accordance with applicable laws on anti-corruption.
- The Group shall offer zero-tolerance and reject all forms of Bribery and Corruption.
- The Principles of the Anti-Bribery and Anti-Corruption Policy are paramount and no person shall receive penalty or punishment for any act from the sole reason of upholding the Principles of the Policy, even if the act resulted in financial losses or damages to the Group.
- Whistleblowers shall be protected with highest security possible.

Through the Enterprise Risk Management Committee, an Anti-Bribery and Anti-Corruption Task Force had been established to further establish rules and procedures for regulating the employees' and agents' acts for giving and accepting benefits to/from any person.

Environmental Preservation

At the Group's various plants, we ensure strict compliance with the environmental laws governing plant operations and maintenance in areas relating to environmental standards, emission standards, noise level management and treatment of plant effluents and wastewater. As part of our sustainability agenda, we have measures in place to minimise the adverse impact of pollution on the environment and to achieve continuous improvement of our plants' and factories' environmental performance.

SUSTAINABILITY STATEMENT
cont'd

The Group has an environmental management system to measure its environmental performance through periodic monitoring of the emission and discharge of pollutants. In addition, waste and chemical management systems are put in place to ensure that the environment system is being protected. We treat most of the pollutants on-site with our wastewater treatment plant and air purification and filter facilities, and we send other controlled waste substances (such as waste oil, spent solvent and metal hydroxide sludge) to government licensed waste disposal units or specialist contractors.

The Group is also subject to regular reviews by the Department of Environment on its wastewater discharge and air emissions. In line with this, our manufacturing factories are certified with the international environmental management systems standard, ISO 14001.

Reducing, reusing and recycling of office stationery and paper, and switching off the lights and air conditioners when they are not in use are among some of the conservation measures taken by the Group.

The Group will continue to explore the areas where it can contribute to the environment, which is to be driven by the CSR Committees, a function of the sustainability initiatives.

Community Engagement

We emphasise on communities who need support to sustain their living. Attention is given particularly to help those beneficiaries of charitable nature (e.g. orphans, the elderly, handicapped, poor, sick, disaster victims or those deprived of education).

Our CSR committees (a function of the sustainability initiatives) at various branches and subsidiaries have also made regular visits and contributions to charitable houses that shelter the unfortunate and had taken part in blood donation drives. We also promote volunteerism through encouraging our employees to participate in volunteer programmes on individual capacity.

As part of our commitment, we are constantly working closely with the local tertiary academic institutions to provide students with a practical real world working experience through conducting researches and training, with the participation of our senior employees. This project aims to support the students' long-term employability with our Company. As science, technology and engineering education are imperative for the Group's business, we believe that this collaboration with reputable tertiary academic institutions will be mutually useful with the Group benefiting from the ideas and inputs as well as the results of the researches conducted by the students.

Epidemic

The World Health Organisation ("WHO") describes in its publication Managing Epidemic that "we are continuously learning about the unpredictable powers of nature. This is nowhere more true than in the continuous evolution of new infectious threats to human health that emerge – often without warning – from the natural environment."

The Group recognises the constant risks of epidemic and the threats that it may have on the operation, revenue, profitability, and the employees' health of the Group. As part of the Group's Business Continuity Plan, response plans were established to serve as guidance for the emergency response teams to act upon on any potential threats of an epidemic.

The Group's operating units in various locations are also in constant alert to follow any news and announcement from authorities in relation to contagious disease or epidemic and, if necessary, to cooperate with the authorities for any measures that are deemed necessary for an effective containment of the contagious disease.

Reports of a new disease (COVID-19), that potentially causes serious respiratory difficulties, first emerged in December 2019. On 11 March 2020, the WHO declared the COVID-19 a global pandemic. Please refer to the Management Discussion and Analysis of this Annual Report for more discussions of the global pandemic of COVID-19.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of JCY International Berhad ("JCY" or "Company") acknowledges the importance of the principles and recommendations as set out in the Malaysian Code on Corporate Governance ("MCCG"). The Board is fully committed in maintaining high standards of corporate governance practices throughout the Company and its subsidiaries ("the Group") to protect and enhance long-term shareholders' value and all stakeholders' interests.

The Board is pleased to present the Corporate Governance Overview Statement to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board during the financial year ended 30 September 2020.

The Corporate Governance Overview Statement is prepared in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") and shall be read together with the Corporate Governance Report of the Company, which provides details on how the Company has applied each practice as set out in the MCCG. The Corporate Governance Report is available on the Company's corporate website at www.jcyinternational.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board has adopted a Board Charter which sets out its primary responsibilities as follows:-

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks of the business, set the risk appetite within which the Board expects the Management to operate and ensuring the implementation of appropriate systems to manage these risks;
- Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Succession planning, including appointing, training, compensating and, where appropriate, replacing key management; and
- Developing and implementing an investor relations programme or shareholder communications policy for the Company.

The Board has on 26 November 2020 adopted a revised Board Charter to be aligned with the corporate liability provision of the Malaysian Anti-Corruption Commission Act 2009.

Role of Chairman, Executive Directors and Independent Non-Executive Directors

The Chairman undertakes a leadership role in the conduct of the Board and its relationship with shareholders and other stakeholders. The Chairman is primarily responsible for leading the Board to effectively discharge its fiduciary duties and responsibilities and ensuring the adequacy and integrity of the governance process.

The Board Charter also clearly defines the functions that are reserved for the Board and those delegated to the Management of the Group. In general, all decisions that would materially impact on the strategy, direction, values and financial standing of the Group, or decisions that may potentially create material conflict of interest with related parties, decisions that may be prone to fraud risk, and decisions in high value transactions are reserved exclusively for the Board. None of the members of the Board has unfettered powers of decision.

The Board, during its deliberations, has clearly delivered its expectations on the corporate objectives, which include performance targets and long-term goals of the business, to be collectively met by the Executive Directors, who form the key senior management team and together with their personnel report to the Board on the operational reviews of their respective business divisions and functions on a quarterly basis.

The Executive Directors are responsible for the day-to-day operations of the Group whereby operational issues and problems are discussed, major transactions and matters relating to the Group are reviewed and operational strategies are formulated.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Role of Chairman, Executive Directors and Independent Non-Executive Directors *cont'd*

The Independent Non-Executive Directors deliberate and discuss policies and strategies formulated and proposed by the Management with the view of taking into account the long-term interests of all stakeholders. The Independent Non-Executive Directors provide independent and unbiased view, advice and judgement to ensure a balanced and unbiased decision making process to safeguard the long-term interests of all stakeholders and the community.

Qualified and Competent Company Secretary

The Board is supported by an experienced and competent Company Secretary in discharging its duties and responsibilities. The Board receives regular advices, updates and notices from the Company Secretary to ensure compliance with applicable laws, regulations and corporate governance matters.

The Company Secretary or the representative of the Company Secretary attend and ensure that all Board and Board Committee meetings are properly convened and all deliberations and decisions are properly minuted and kept. They are also responsible in ensuring that Board's policies and procedures are followed, and the applicable statutory and regulatory requirements are observed.

Board Meetings and Access to Information

The dates of the meetings of the Board, Board Committees and Annual General Meeting for each financial year are fixed in advance for the whole year to ensure all Directors/Board Committees members' dates are booked and also to facilitate the Management's planning for the whole financial year.

Prior to each Board or Board Committee meeting, the agenda, minutes of previous meeting and board papers are circulated to the Directors prior to the meeting to allow sufficient time to ensure that they receive the necessary information in advance so that they can review, consider and deliberate on the matters, and where necessary, obtain further information to facilitate informed decision making.

The Directors in discharging their duties and responsibilities are entitled to have full and unrestricted access to all information and to Management on matters relating to the Group's operations. The Directors may obtain independent professional advice in the furtherance of their duties, at the Company's expense if circumstances necessitate it.

Code of Conduct

A Code of Conduct that sets out the ethical expectations of the Board and employees of the Group has been adopted by the Board. The Group also takes a keen interest on promoting sustainability for the wellbeing of the community and the environment.

Anti-Bribery and Anti-Corruption Policy

The Board had adopted an Anti-Bribery and Anti-Corruption Policy with the objectives to manage the potential risks of and to prevent the bribery and corruption in the Group. The Policy also sets out the Board's commitment towards zero-tolerance of fraudulent acts and principles on the anti-corruption practices. An Anti-Bribery and Anti-Corruption Task Force has been established under the purview of the Enterprise Risk Management Committee to assist the Board on this matter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Whistleblowing Policy and Procedures

The Board has on 26 November 2020 adopted a revised Whistleblowing Policy and Procedures to be aligned with the corporate liability provision of the Malaysian Anti-Corruption Commission Act 2009. The said policy also allows any employee, shareholders, stakeholders or the general public to report any irregularity or matters of suspect through any of the following channels:-

Name	Position	Contacts
Dr. Rozali Bin Mohamed Ali	*Chairman*	Email: chairman@jcyinternational.com
Mr. Chan Boon Hui	*Senior Independent Non-Executive Director*	Email: senior-ined@jcyinternational.com
Ms. Jasmine Tan Ean Nee	*Head of Internal Audit*	Email: jasminetan@jcyinternational.com Address:- No 3, Jalan Firma 3, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor Darul Takzim

Sustainability Policy

The Board has formalised the Group's strategies on promoting sustainability. The Board and the Management are committed to continually improving the integration of sustainability into the working environment and business processes, together with the accountability and transparency in the sustainability performance.

The Board has striven to promote the corporate social responsibility ("CSR") values through the encouragement of volunteerism of contribution and participation in CSR activities from thousands of staff across the regions within its Group. The Group aims to build the value of sustainability practices into the working culture along with its staff.

The Management of the Group is committed to support and promote CSR values through a systematic resources allocation mechanism for funding and promoting CSR activities.

The Board Charter, Code of Conduct, Anti-Bribery and Anti-Corruption Policy, Whistleblowing Policy and Procedures and Sustainability Policy are published on the Company's corporate website at www.jcyinternational.com.

Board Composition

Mr. Gouw Kim San was appointed as an Executive Director cum Chief Operating Officer of the Company on 16 December 2020. Hence, as at the date of the notice of the Fifteenth Annual General Meeting, the Company has seven (7) Directors of whom four (4) are Executive Directors and three (3) are Independent Non-Executive Directors. The Board composition is in compliance with Paragraph 15.02 of the MMLR of Bursa Malaysia Securities. Although less than half of the Board comprises Independent Non-Executive Directors, the Board views the number of its Independent Non-Executive Directors as adequate to provide the necessary check and balance to the Board's decision-making process.

Each Director carries a different range of skills, experiences and backgrounds and the size of the Board is such that it is optimum in facilitating the making of informed and critical decisions for the Group.

The presence of the Independent Non-Executive Directors provides guidance, independent views, advice and judgement in ensuring that the strategies proposed are discussed and examined. This provides a balance in the Board to safeguard the interest of minority shareholders and to ensure that high standards of conduct and integrity are maintained by the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Tenure of Independent Directors

The Board has not developed a policy which limits the tenure of its Independent Directors to nine (9) years. However, the Board is mindful that Practice 4.2 of MCCG recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director pursuant to the MCCG. The Board will justify and seek shareholders' approval at the Annual General Meeting ("AGM") in the event the Board retains such Director as an Independent Director. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board will seek annual shareholders' approval through a two-tier voting process.

Presently, all the three (3) Independent Non-Executive Directors have served the Board for a cumulative term of more than nine (9) years but not more than twelve (12) years. The Company has been seeking and will continue to seek the shareholders' approval to retain all the Independent Non-Executive Directors through the usual voting process.

The Board through the Nomination Committee has carried out an annual assessment of independence of all the Independent Directors. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company. The Independent Directors remain objective and independent in expressing their views and in participating in deliberations and decision makings of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgment and ability to act in the best interests of the Company.

Board Diversity

The Board recognises that board diversity is an essential element contributing to the sustainable development of the Group and does not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability. There is no specific target in the composition in terms of gender, age or ethnic of its Board members or members of Senior Management.

The Board acknowledges the recommendation of the MCCG on gender diversity but believes that the overriding factors in selection of a Director must be based on competency, experience, skill and wealth of knowledge, while taking into consideration diversity of the Board.

The Board is satisfied with the composition of its members and is of the view that with the current mix of competency, experience, skill and knowledge, the Board is able to discharge its duties effectively and efficiently.

The Board is committed to provide fair and equal opportunities within the Group and acknowledges the importance of Boardroom and workplace diversity. The Group is committed to workplace diversity and that the workplace is fair, accessible, inclusive and free from discrimination.

As at the date of this Annual Report, the diversity in the race/ethnicity of the existing Directors is as follows:-

	Race/Ethnicity				Gender		
	Malay	Chinese	Indian	Total	Male	Female	Total
Number of Directors	1	6	0	7	7	0	7

The existing Directors' age distribution falling within the respective age group is as follows:

Age Group (Years)	51 - 60	61 - 70	71 - 75	Total
Number of Directors	3	3	1	7

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Workforce Diversity

The Group is committed to a diverse and inclusive culture which is essential to the Group's future growth. The Group's gender and race/ethnicity diversity are made up of the following:-

Gender	Race/Ethnicity			
	Malay	Chinese	Indian	Other
Male	529	108	155	3,418
Female	498	85	128	4,389

The Group's workforce diversity in terms of age is made up of the following:-

Gender	Age Group (Years)				
	Below 21	21-30	31-40	41-50	Above 50
Male	183	2,396	1,239	323	69
Female	299	2,455	1,640	625	81

Board Meetings

The Board meets at least once every quarter and on other occasions, as and when necessary, inter-alia, to approve quarterly financial results, annual report, business plans and budgets as well as to review the performance of the Group, its operating subsidiaries and other business development activities. The Management and external advisors (when needed) are invited to attend the Board and Board Committee meetings and to provide their inputs and advices on relevant matters.

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This, amongst others, is evidenced by the attendance record of the Directors at the Board meetings of the Company.

The attendance record of the Directors at the Board meetings of the Company for the financial year ended 30 September 2020 is detailed below:-

Name	Attendance
Dr. Rozali Bin Mohamed Ali	5/5
Mr. Goh Chye Kang	4/5
Dato' Wong King Kheng	5/5
Dato' Tan Shih Leng	5/5
Mr. Chang Wei Ming	5/5
Mr. Chan Boon Hui	4/5
Mr. Lim Ching Tee Peter (Resigned on 31 December 2019)	1/1

The minimum 50% attendance requirement as stipulated in the MMLR of Bursa Malaysia Securities has been complied with.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Directors' Training

The Board recognises the need to attend training to enable the Directors to discharge their duties effectively. The training needs of each Director could be identified and proposed by the individual Director. The Nomination Committee continues to evaluate and assess the training needs of the Directors to ensure professionalism in discharging their duties and recommends to the Board accordingly.

The Directors are also updated from time to time at Board meetings by the Company Secretary and External Auditors on any changes to the legal, regulatory, accounting principles and corporate governance practices which may affect the Group and the Directors at Board meetings.

The training sessions attended by the Directors during the financial year ended 30 September 2020 are as follows:-

Name	Continuous education programmes attended
Dr. Rozali Bin Mohamed Ali	• Understanding Section 17A - MACC Act
Mr. Goh Chye Kang	• Understanding Section 17A - MACC Act
Dato' Wong King Kheng	• Understanding Section 17A - MACC Act • Debts Restructuring • Singapore Budget 2020 • Audit in the Digital Environment • Ethical Issue Regulatory • IFRS 16 - Leases • Audit Communication Effective Management • Ethics & Professionalism • Transfer Pricing for SMEs
Dato' Tan Shih Leng	• Understanding Section 17A - MACC Act • Corporate & Personal Liability for Corruption Ready or Not?
Mr. Chang Wei Ming	• ICAEW - ISCA Finance Transformation in the Digital Age • Understanding Section 17A - MACC Act • COVID-19 What next? • Aligning customs, indirect tax and transfer pricing • Tax strategies to manage business impact • Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009: The Essential Steps
Mr. Chan Boon Hui	• Understanding Section 17A - MACC Act • AC's Role in preventing today's risks from becoming tomorrow's headlines • Managing Risk in a Volatile and Uncertain world
Mr. Lim Ching Tee Peter (Resigned on 31 December 2019)	(Not Applicable)

Board Committees

To ensure the effective discharge of its fiduciary duties and responsibilities more effectively, the Board delegates specific responsibilities to the Board Committees established by the Board.

All Board Committees function within and in accordance with clearly defined terms of reference that were approved by the Board. These Board Committees have unrestricted authority to examine issues and submit reports of their findings to the Board. As the Board Committees have no authority to make decisions on matters reserved for the Board, the recommendations would be deliberated by the Board as a whole for decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Board Committees *cont'd*

a) Audit Committee

The composition of the Audit Committee, its function and a summary of its activities are set out in the Audit Committee Report of this Annual Report.

b) Nomination Committee

The Nomination Committee is empowered by the Board among others to recommend to the Board the right candidates with the necessary skills, knowledge, experiences and competencies to be filled in the Board and Board Committees, re-election and reappointment of Directors.

All members of the Nomination Committee are Independent Non-Executive Directors. The composition of the Nomination Committee of the Company and the details of attendance of meetings during the financial year under review are as follows:-

Name	Directorship	Designation	Attendance
Mr. Chan Boon Hui	*Senior Independent Non-Executive Director*	Chairman	1/2
Mr. Chang Wei Ming	*Independent Non-Executive Director*	Member	2/2
Dr. Rozali Bin Mohamed Ali	*Independent Non-Executive Director*	Member	2/2

During the financial year ended 30 September 2020, the Nomination Committee carried out and reported to the Board the outcome of the following key activities:-

- conducted the annual assessment on the effectiveness of the Board, Board Committees and individual Directors;
- assessment of the independence of the Independent Directors;
- review of the Directors who are due for re-election by rotation;
- recommended to the Board on the retention of Independent Directors who have served the Board for more than nine (9) years; reviewed the terms of office and performance of the Audit Committee and each of its members; and
- review of a potential candidate to be appointed as an Executive Director cum Chief Operating Officer of the Company.

Based on the results of the annual assessment, the Nomination Committee has made the following observations:

- the current size and composition of the Board is appropriate and well-balanced with the right mix of skills with the Board composition comprising individuals of high caliber, credibility and with necessary knowledge, experience and qualifications to enable the Board to discharge its responsibility effectively.
- all Board Committees members have discharged their duties with care and diligence according to the respective Terms of Reference of the Remuneration Committee and Audit Committee.

The terms of reference of the Nomination Committee is available for reference on the Company's website at www.jcyinternational.com.

c) Remuneration Committee

The Remuneration Committee is primarily responsible for recommending to the Board the policy and framework for Directors' remuneration and for reviewing and assessing the remuneration packages of the Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Board Committees *cont'd*

c) Remuneration Committee *cont'd*

The composition of the Remuneration Committee and the details of attendance of meetings during the financial year under review are as follows:-

Name	Directorship	Designation	Attendance
Dr. Rozali Bin Mohamed Ali	*Independent Non-Executive Director*	Chairman	2/2
Mr. Chan Boon Hui	*Senior Independent Non-Executive Director*	Member	2/2
Mr. Chang Wei Ming	*Independent Non-Executive Director*	Member	2/2
Dato' Wong King Kheng	*Executive Director*	Member	2/2

The Board is aware of the recommendation of the MCCG that the Remuneration Committee should only consist of Non-Executive Directors and a majority of them must be Independent Directors. However, the Board felt strongly that the inclusion of an Executive Director would enhance the discussions, necessary to make the relevant recommendations on remuneration, and is confident that the existence of the three (3) other Independent Directors will not impair independent and objective assessment on remuneration.

Though the Company is in the process of drawing up a remuneration framework for the Directors and Senior Management, the Directors' fees and benefits have been reviewed by the Remuneration Committee and the Board, before being recommended to the shareholders for approval.

The remuneration of the Executive Directors is structured so as to link rewards to corporate and individual performance in order to attract, retain and motivate the Executive Directors to manage the Group successfully.

For the Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The Non-Executive Directors will be paid based on fixed fees that commensurate with their responsibilities in the Board and Board Committees and their attendance at the meetings, subject to approval from shareholders. The determination of the remuneration package of the Non-Executive Directors is a matter for the full Board, with the individual Director concerned abstaining from discussion and voting on their own remuneration.

The terms of reference of the Remuneration Committee is available for reference on the Company's website at www.jcyinternational.com.

d) Enterprise Risk Management Committee

The composition of the Management-level Enterprise Risk Management Committee of and the details of attendance of meetings during the financial year under review are as follows:-

Name	Designation	Attendance
Dato' Wong King Kheng	Chairman	1/1
Mr. Goh Chye Kang	Member	1/1
Dato' Tan Shih Leng	Member	1/1
Mr. Gouw Kim San (appointed on 16 December 2020)	Member	(not applicable)
Mr. Lim Cheng Tee Peter (Ceased on 31 December 2019)	Member	(not applicable)
Mr. Lim Su Kiat	Member	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Board Committees *cont'd*

d) Enterprise Risk Management Committee *cont'd*

The Management-level Enterprise Risk Management Committee is chaired by an Executive Director. As part of the risk management framework, this Committee is primarily responsible to assist the Board in establishing, maintaining, implementing and reviewing a strategic approach to risk assessment and management for the Group.

Remuneration

The details of the aggregate remuneration (including benefits-in-kind) of the Directors of the Group and the Company for the financial year ended 30 September 2020 are as follows:

	Company				Group			
Name of Directors	Fees ("RM")	Salaries & Bonus+ ("RM")	Others ("RM")	Total ("RM")	Fees ("RM")	Salaries & Bonus+ ("RM")	Others ("RM")	Total ("RM")
Executive Directors								
Dato' Wong King Kheng	120,000	-	50,000	170,000	221,000	1,237,000	22,000	1,480,000
Mr. Goh Chye Kang	120,000	-	-	120,000	120,000	1,918,000	-	2,038,000
Dato' Tan Shih Leng	120,000	-	-	120,000	120,000	922,000	89,000	1,131,000
Mr. Lim Ching Tee Peter*	120,000	-	-	120,000	120,000	757,000	-	877,000
Total	**480,000**	**-**	**50,000**	**530,000**	**581,000**	**4,834,000**	**111,000**	**5,526,000**
Independent Non-Executive Directors								
Dr. Rozali Bin Mohamed Ali	120,000	-	300,000	420,000	120,000	-	300,000	420,000
Mr. Chan Boon Hui	120,000	-	-	120,000	120,000	-	-	120,000
Mr. Chang Wei Ming	120,000	-	-	120,000	120,000	-	-	120,000
Total	**360,000**	**-**	**300,000**	**660,000**	**360,000**	**-**	**300,000**	**660,000**

Notes:

\+ *The salaries and bonus are inclusive of statutory contributions and fixed allowance.*
* *Resigned on 31 December 2019.*

The remuneration of the Key Senior Management for the financial year ended 30 September 2020 are disclosed in the Corporate Governance Report which is available at the Company's corporate website at www.jcyinternational.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee comprises three (3) Independent Non-Executive Directors. The Audit Committee is chaired by an Independent Non-Executive Director, Mr. Chang Wei Ming. As such, the Chairman of the Audit Committee is distinct from the Chairman of the Board.

The composition of the Audit Committee is in compliance with Paragraphs 15.09 and 15.10 of the MMLR of Bursa Malaysia Securities and the recommendation of MCCG whereby all the three (3) Audit Committee members are Independent Non-Executive Directors. None of the Independent Directors has appointed alternate directors.

None of the members of the Audit Committee were former key audit partners and in order to uphold utmost independence, the Board has no intention to appoint any former key audit partner as a member of the Audit Committee.

The Board regards the members of Audit Committee as collectively possessing accounting and related financial management expertise and experience required for the Audit Committee to discharge its responsibilities and assist the Board in its oversight over the financial reporting process.

The responsibilities of the Audit Committee are to oversee the financial reporting process, internal controls, risk management and governance which are guided by its terms of reference, which is available at the Company's corporate website at www.jcyinternational.com.

Assessment of External Auditors

In line with Practice 8.3 of the MCCG, the Audit Committee has assessed the suitability, objectivity and independence of the External Auditors. The assessment is conducted on a yearly basis by the Audit Committee, using the prescribed External Auditors Evaluation Form, with emphasis of evaluation based on competence, adequacy of experience and resources, quality of the audit performances, independence and objectivity of the External Auditors, reasonableness of audit fees and comparison of audit and non-audit fees.

The Company's External Auditors were invited to attend the Audit Committee meetings when deemed necessary. During the financial year under review, the Audit Committee had met with the External Auditors on 27 November 2019 and 28 May 2020 respectively without the presence of the Management to discuss the scope and adequacy of the audit process, the financial statements and their audit findings that may require the attention of the Audit Committee and the Board.

The Audit Committee, as part of its review, has obtained assurance from the External Auditors confirming that they have in place policies on rotation (every 7 years) for partners of an audit engagement to ensure objectivity, independence and integrity of the audit and declared their independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Group has adopted a Policy on the Provision of Independence of External Auditors which set out the process and procedures for assessing the independence of the External Auditor.

The Audit Committee has also established guidelines on the provision of non-audit services by the External Auditors to the Group to further enhance their independence. In general, the Audit Committee is of the view that the External Auditors should not be involved in the provision of non-audit services to the Group which are related to the enhancement of revenue generation and profitability, either directly or indirectly, that have a material influence on the reporting of profit or losses before taxation.

The Audit Committee is satisfied with the performance, suitability and independence of the External Auditors of the Company based on the quality of services and sufficiency of resources they provided to the Group, in terms of the firm and the professional employees assigned to the audit.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Risk Management and Internal Control Framework

The Board acknowledges that the risk management system and internal audit function is an integral part of an effective system of corporate governance and hence, the Board has established a Management-level Enterprise Risk Management Committee to formulate, maintain and regularly review a sound and effective risk management approach.

There is also an in-house Internal Audit Department with approval for three (3) staff positions headed by a suitably qualified Head of Internal Audit, Ms. Jasmine Tan Ean Nee, which reports directly to the Audit Committee. The Internal Auditors periodically review the adequacy, effectiveness and integrity of the Group's internal control system, management information system, risk management and governance processes in accordance with a recognised audit framework.

The Internal Auditors also review and highlight to the Audit Committee, any weaknesses in control procedures and make recommendations for improvement.

Further details of the Group's state of risk management and internal control systems are reported in the Statement on Risk Management and Internal Control set out in this Annual Report.

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

Communication with Stakeholders

The Board acknowledges the value of transparent, consistent and coherent communications with the investing community consistent with commercial confidentiality and regulatory considerations. With the recommendation of the MCCG, the Board has formalised the Corporate Disclosure Policy to assist the Board in furnishing information which is comprehensive and accurate and is made on a timely basis and to ensure that communications to the investing public are accurate, timely, factual, informative, balanced, broadly disseminated and in compliance with applicable legal and regulatory requirements.

The Board values dialogue with investors and recognises the importance of being transparent and accountable to its shareholders. Effective communication with shareholders provides a better appreciation of the Company's objectives, while also making the Board aware of the expectations and concern of the shareholders.

The Board has also established other avenues for more direct interactions between the shareholders and the Company via the appointment of an Investor Relation Officer and, within the Board, a Senior Independent Non-Executive Director. Shareholders who would like to contact the Company may reach the persons above via email at calvin_lim@jcyinternational.com or senior-ined@jcyinternational.com respectively.

Conduct of General Meetings

The Annual General Meeting ("AGM") remains the principal forum for dialogue with shareholders where they may seek clarifications on the Company's business and reports.

All Directors, Senior Management and the External Auditors will attend the general meetings. During the general meetings, shareholders who attend the general meetings are encouraged and are given sufficient opportunity as well as time by the Board to raise questions pertaining to the Annual Report, resolutions being proposed and the business of the Company or the Group in general prior to seeking approval from members and proxies on the resolutions. All Directors and the Chair of every Board Committees, as well as Senior Management, where appropriate, will provide feedbacks, answers and clarifications to the questions raised from the shareholders during the general meetings.

The Company provides information in the Notice of AGM, which are sent to shareholders at least twenty-eight (28) days prior to the AGM, on the details of general meeting, resolutions to be tabled for approval and shareholders' entitlement to attend general meeting, and their right to appoint proxy(ies) to encourage shareholders' participation at general meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Conduct of General Meetings *cont'd*

In line with Paragraph 8.29A of the MMLR of Bursa Malaysia Securities on the requirement for poll voting for any resolution set out in the notice of any general meeting, the Company had conducted its voting on all resolutions at the Fourteenth AGM held on 25 February 2020 by poll to facilitate the polling process and provide a more accurate outcome of the poll results. Furthermore, to ensure a transparent polling process, an independent scrutineer was also appointed to scrutinise the polling process and verify the poll results.

AUDIT COMMITTEE REPORT

The Board of Directors of JCY International Berhad is pleased to present the Audit Committee Report for the financial year ended 30 September 2020.

COMPOSITION AND ATTENDANCE OF MEETINGS

The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. None of the Independent Non-Executive Directors have appointed Alternate Directors. The Chairman of the Audit Committee, Mr. Chang Wei Ming, is a Fellow of the Institute of Chartered Accountants in England and Wales fulfilling the requisite qualifications under Paragraph 15.09(1)(c) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities").

During the financial year ended 30 September 2020, the Audit Committee conducted five (5) meetings. The details of attendance of the members of the Audit Committee are as follows:

Name	Directorship	Designation	Meeting Attendance
Mr. Chang Wei Ming	Independent Non-Executive Director	Chairman	5/5
Dr. Rozali Bin Mohamed Ali	Independent Non-Executive Director	Member	5/5
Mr. Chan Boon Hui	Senior Independent Non-Executive Director	Member	4/5

TERMS OF REFERENCE

The terms of reference of the Audit Committee outlining the composition, authorities, roles and responsibilities of the Audit Committee, which are consistent with the requirements of the MMLR of Bursa Malaysia Securities and the recommendations of the Malaysian Code on Corporate Governance, are available on the Company's website at www.jcyinternational.com.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

The summary of work carried out by the Audit Committee for the financial year under review is as described below:-

(A) Financial Reporting

(i) Reviewed and discussed the interim and year-end financial statements, prior to recommendations to the Board. The key areas of focus are the following:-

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- going concern assumption;
- compliance with accounting standards and other legal requirements;
- significant matters highlighted in the financial statements; and
- significant judgments made by the Management.

AUDIT COMMITTEE REPORT
cont'd

SUMMARY OF WORK OF THE AUDIT COMMITTEE *cont'd*

(A) Financial Reporting *cont'd*

(ii) The dates the Audit Committee met during the financial year to deliberate on financial reporting matters are as detailed below:

Date of meetings	Financial Reporting Statements Reviewed
27 November 2019	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the fourth quarter ended 30 September 2019
15 January 2020	Audit Committee Report and Statement on Risk Management and Internal Control for the Board's approval and disclosure in the Company's Annual Report 2019 Audited Financial Statements for the financial year ended 30 September 2019
25 February 2020	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the first quarter ended 31 December 2019
28 May 2020	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the second quarter ended 31 March 2020
18 August 2020	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the third quarter ended 30 June 2020

(iii) Reported to the Board its finding on financial performance and other material matters.

(B) External Audit

(i) Reviewed, discussed and approved the External Auditors' scope of works, key areas of audit emphasis, audit approach and timetable.

(ii) Reviewed, discussed and assessed all significant matters highlighted by the Internal and External Auditors on financial reporting and operating issues.

(iii) Reviewed all significant judgements made by the management.

(iv) Reviewed, discussed and assessed the External Auditor's management letter and the adequacy and effectiveness of management's response.

(v) Reviewed the performance, independence and effectiveness of the External Auditors and made recommendations to the Board on the re-appointment and remuneration of the External Auditors.

(vi) Reviewed the audit and non-audit fees payable to the External Auditors for financial year ended 30 September 2020 to ensure the level of non-audit services rendered by the External Auditors would not impair their objectivity and independence as External Auditors of the Company.

(vii) Discussed with the Management and the External Auditors on developments in respect of the Malaysian Financial Reporting Standards applicable to the financial statements of the Group and of the Company and their judgement of the items that may affect the financial statements.

(viii) Carried out private meetings with the External Auditors without the presence of the Executive Directors and Management of the Group.

AUDIT COMMITTEE REPORT
cont'd

SUMMARY OF WORK OF THE AUDIT COMMITTEE *cont'd*

(C) Internal Audit

(i) Reviewed and approved the internal audit plan proposed by the Head of the internal audit department to ensure the adequacy of the scope and coverage of works prior to the internal audit works commences.

(ii) Reviewed the findings of internal audit reports together with the recommendations from the internal auditors. The Audit Committee acknowledges that the recommendations take into account the management's responses but are subject to the Audit Committee's review.

(iii) Carried out private meetings with the Internal Auditors without the presence of the Executive Directors and Management of the Group.

(iv) Reviewed the performance of the Internal Auditors.

(D) Related Party Transactions

Reviewed the quarterly and annual financial statements on the disclosures relating to related party transactions or conflict of interest situations that arose within the Group, if any and ensured compliance with provisions of the MMLR of Bursa Malaysia Securities.

(E) Other Matters

(i) Reviewed the allocation of the options being granted through the Executives' Share Option Scheme ("ESOS") as being in compliance with the criteria stipulated in the by-laws of the ESOS of the Company.

(ii) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to submission of the same to the Board for consideration and inclusion in the Annual Report.

SUMMARY WORK OF THE INTERNAL AUDIT FUNCTION

The Company has an in-house Internal Audit Department which report directly to the Audit Committee and assists the Audit Committee in discharging its functions and duties. The internal audit function is independent from operational activities and has its own service charter to ensure the internal audit activities are performed with impartiality, proficiency and due professional care.

The costs incurred for the internal audit function in respect of the financial year ended 30 September 2020 amounted to RM143,000/-.

During the financial year, the Internal Audit Department conducted audits on the review of maintenance cost, carry out analytical review on machine breakdown, and overhead cost as well as follow-up review. The areas covered in the internal audit include:-

(a) Reviewed the internal control system of the Group on its compliance and effectiveness, taking into consideration factors that have arisen from the evolving business environment.

(b) Conducted compliance, operational and financial audits covering Group policies and procedures and key internal control areas.

(c) As a special exercise, carried out a Gross Loss Analysis on affected group companies.

(d) Presented audit findings and discussed corrective actions to be taken in closing meeting with Management and in the quarterly Audit Committee meetings.

(e) Conducted follow-up audits to ensure corrective actions on audit reports were implemented.

The Audit Committee deliberates on the report from the Internal Auditor and provides suggestions on the internal audit focus areas as well as enhancements to the internal audit processes every quarter.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") of JCY International Berhad is committed towards maintaining a sound system of risk management and internal control. This Statement on Risk Management and Internal Control of the Group ("Statement") is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") and the requirements of the Malaysian Code on Corporate Governance ("MCCG").

This Statement outlines the nature and scope of risk management and internal control of the Group for the financial year ended 30 September 2020. The Group's risk management framework and internal control procedures, in all material aspects, are consistent with the guidance provided to Directors as set out in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" issued by the Task Force on Internal Control with the support and endorsement of the Bursa Malaysia Securities and Principle B of the MCCG – Risk Management and Internal Control Framework.

RESPONSIBILITY OF THE BOARD

The Board affirms its overall responsibilities of good practice of corporate governance and is committed to maintaining a sound system of risk management and internal control, and for reviewing its effectiveness, adequacy and integrity. This includes the establishment of an appropriate control environment and framework, and review of the effectiveness, adequacy and integrity of the system.

However, due to limitations that are inherent in any systems of risk management and internal control, the system adopted by the Group is designed to manage rather than to eliminate the risk of failure to achieve business objectives. Therefore, the system of risk management and internal control can only provide reasonable but not absolute assurance against any material misstatement, fraud or loss.

There is an on-going process for identifying, evaluating and managing significant risks faced by the Group. This process, which was in place throughout the financial year, is regularly reviewed by the Board.

RISK MANAGEMENT

The Management-level Enterprise Risk Management Committee ("ERMC") is established to assist the Board to identify and assess the risks faced by the Group and thereafter to design, implement and monitor appropriate risk management processes and internal controls to address and mitigate such risks. The ERMC oversees the potential risks concerning the business and operations to ensure that they are effectively managed and reports its concerns to the Board and the Audit Committee.

Risk management is a continuous process of identifying, evaluating, managing and reviewing significant risks faced by the businesses in the Group.

RISK MANAGEMENT FRAMEWORK

The Board had identified the essence of a quality Risk Management System and had also incorporated these approaches into the adopted Risk Management Framework.

A continuous practice of systematically evaluating and selecting cost effective approaches for minimising the effect of the threat of risk realisation

Risk Management shall achieve a long-term goal of risk minimisation. It is an on-going practice and shall link back to the objectives of the Company, whereby the cost of implementation of the system and measures taken for the control or mitigation of the risks shall not be higher than the anticipated benefits derived from such control and mitigation in the perspective of cost-benefit analysis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

RISK MANAGEMENT FRAMEWORK *cont'd*

To manage rather than to eliminate risk factors in total

The Board recognises the nature of the residual risk despite how good the Risk Management Framework is designed and how vigilant the implementation of the Risk Management has been. The ultimate target of the Risk Management is to manage the risk within a controllable and acceptable manner, not the elimination of the risk as a whole.

To be embedded into the culture, processes and structures of the Company

The Risk Management Framework is designed to be built into the culture, processes and structures of the Group. The Board has set up an Enterprise Risk Management Committee comprising all the executive directors and certain executive staff with the aim of transplanting the essence and culture of Risk Management throughout all levels of the Group.

Responsive to changes in the business environment and clearly communicated to all levels

The Board is of the view that risk factors would evolve over time. The Enterprise Risk Management Committee would adopt a broad based approach, communicating with all levels within the Group in identifying changes in risk factors at the earliest possible time. In this way, controls and preventive actions could be adjusted to adapt to the new challenges arising from the change.

Continuous improvement

The terms of reference of the Enterprise Risk Management Committee are subject to annual review. The Committee would actively refine and continuously seek for improvements in the existing Risk Management System.

CONTROL ENVIRONMENT AND KEY ELEMENTS OF INTERNAL CONTROL

The Board is committed towards maintaining a strong control structure and environment for the proper conduct of the Group's business operations and towards achieving a sound system of internal control. The control processes in place are as follows:-

i. **Organisation Structure with Defined Roles and Responsibilities**

   Terms of reference for the Executive Directors are clearly defined. Job functions for the Management and employees in the Group have been streamlined to provide well defined roles and responsibilities for the enhancement of the Group's performance.

ii. **Authority Limits**

   Delegation of authority including authorisation limits at various levels of management and those requiring the Board's approval are clearly defined to ensure accountability and responsibility.

   Investments and projects are subject to formal review and authorisation procedures by the Executive Directors and significant investments and projects are tabled to the Board for notation, or approval.

iii. **Formalised Strategic Planning Processes**

   The Group has formulated the appropriate business plans within which the business objectives, strategies and targets are articulated. Business planning and budgeting are undertaken annually to establish plans and targets against which performance is monitored on an ongoing basis. Key business risks are identified during the business planning process and are reviewed regularly during the year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

CONTROL ENVIRONMENT AND KEY ELEMENTS OF INTERNAL CONTROL *cont'd*

iv. Management Processes and Mechanisms

Periodic meetings of the Board, Board Committees and Senior Management represent the main platform through which the Group's performance and conduct is assessed and monitored.

The daily operations of the business are entrusted to the respective General Managers/Operational Heads and their respective management teams.

Under the purview of the General Managers/Operational Heads, the heads of departments are delegated with the responsibility of managing their respective operations. The General Managers/Operational Heads actively communicate the Board's expectations to their management teams at monthly senior management meetings as well as through attendance at various operational meetings where operational and financial risks are discussed and dealt with.

The Group's key management team carries out monthly monitoring and review of financial results including monitoring and reporting thereon, of performance against the operating plans. The key management team communicates regularly to monitor operational and financial performance as well as formulate action plans to address any areas of concern.

Through these mechanisms, the Board obtains timely and accurate information of all major control issues in relation to internal controls, regulatory compliance and risk-taking.

v. Continuous Employee Education

All employees are encouraged to improve themselves through adequate training and continuous education. The Group has put in place a continuous training programme to motivate and improve the leadership quality of employees in the Group in order to better conduct themselves at work and in relationship with external parties, such as customers and suppliers.

vi. Quality Control

The Group emphasizes continuous effort in maintaining the quality of its products. The Directors have ensured that safety and health regulations, environmental controls and all other legislations in connection with the industry have been considered and complied with.

vii. Financial Performance

The preparation of quarterly and full year results and the state of affairs, as published to shareholders, are reviewed and approved by the Board. The full year financial statements are also audited by the external auditors.

INDEPENDENCE OF AUDIT COMMITTEE

The Audit Committee comprises wholly of Independent Non-Executive Directors who each has the relevant experience and qualification to perform their duties effectively. The Audit Committee has full access to both the internal as well as External Auditors.

The Audit Committee, on behalf of the Board, considers the effectiveness of the operation of internal control procedures in the Group during the financial year. The Audit Committee reviews internal control issues identified by the internal auditors, the external auditors and the management, and evaluates the adequacy and effectiveness of the Group's risk management and internal control system. It also conducts a review of the internal audit functions with emphasis on the scope of audits, quality and independence of the Internal Audit Department.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

INTERNAL AUDIT DEPARTMENT

The Internal Audit Department ("IAD") is an independent and objective assurance function designed to add value to the Group.

The IAD reports directly to the Audit Committee and is independent of the activities and operations that it audits.

Its primary responsibility is to undertake regular and systematic reviews of the business operations, processes and procedures as well as compliances in order to provide independent and objective assurance that the Group's overall system of internal control and governance processes continues to operate adequately and effectively.

During the year, the IAD has carried out audits on key operating units within the Group in accordance with the risk based annual audit plan approved by the Audit Committee. Internal Audit function uses a risk-based approach to determine the priorities of internal audit activities, consistent with the strategies of the Group. Existing controls in managing the identified risk are evaluated for its adequacy and effectiveness. Improvement measures are recommended to strengthen controls.

Internal audit reports are presented to the Audit Committee on a quarterly basis or earlier as appropriate, highlighting findings, areas for improvement, recommendations and agreed action plans to improve the system of internal controls.

Follow-up reviews on previous audit recommendations are performed to assess the status of implementation and the results of such reviews are reported to the Audit Committee on a regular basis as well as any residual risks assessment after follow-up closures.

Based on the internal audit reviews conducted, corrective actions have been taken to resolve the few audit issues that have shown material control deficiencies.

Details of the activities of the internal audit function are provided in the Audit Committee Report of this Annual Report.

REVIEW BY THE BOARD

For the financial year under review and up to the date of approval of this Statement, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system.

The Board has received an assurance from the Executive Directors (collectively acting for Chief Executive Officer) and the Executive Director – Finance (equivalent to Chief Financial Officer) that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

The Board remains committed in ensuring that appropriate initiatives and active measures are taken to enhance the system of internal control to safeguard the shareholders' investment and the Group's assets.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR of Bursa Malaysia Securities and pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3: (Revised) issued by Malaysian Institute of Accountants, the External Auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 30 September 2020.

AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control system.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal controls of the Group.

This Statement has been approved by the Board on 20 January 2021.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

The Company did not raise any funds through any corporate proposal during the financial year ended 30 September 2020.

2. AUDIT AND NON-AUDIT FEES

During the financial year, the amounts of audit and non-audit fees paid by the Company and the Group to the External Auditors and an affiliate of the External Auditor are as follows:

	Company (RM)	Group (RM)
Audit Fees	101,000	474,000
Non-Audit Fees	-	-
Total Fees	**101,000**	**474,000**

3. MATERIAL CONTRACTS

There were no material contracts involving the Directors', chief executives' (who are not Directors) and major shareholders' interests, either subsisting at the end of the financial year ended 30 September 2020 or, if not then subsisting, entered into since the end of the previous financial year.

4. EXECUTIVES' SHARE OPTION SCHEME

The Executives' Share Option Scheme ("ESOS" or "Scheme") was implemented on 17 April 2018 and shall be in force be for a period of five (5) years and may be extended for a maximum period of five (5) years, if so recommended by the ESOS Committee and approved at the discretion of the Board. The information in relation to the ESOS, is as follows:-

Details	**ESOS Options**
Total number of options outstanding as at 1 October 2019	64,890,000
Total number of options granted during the year	-
Total number of options exercised during the year	(32,558,000)
Total number of options forfeited during the year	(9,610,000)
Total number of options outstanding as at 30 September 2019	22,722,000
Granted to Directors	**ESOS Options**
Aggregate options outstanding as at 1 October 2019	14,250,000
Aggregate options granted during the year	-
Aggregate options exercised during the year	(4,500,000)
Aggregate options exclusion due to resignation of a director during the year	(3,000,000)
Aggregate options outstanding as at 30 September 2020	6,750,000
Granted to Directors and Senior Management	**ESOS Options**
Aggregate maximum allocation in percentage	80%
Actual percentage granted	31%

ADDITIONAL COMPLIANCE INFORMATION
cont'd

4. EXECUTIVES' SHARE OPTION SCHEME *cont'd*

The breakdown of the options movements for Non-Executive Directors during the financial year under review was as follows:-

Name of Directors	Balance as at 01.10.2019	Granted/ (Exercised)	Cancelled	Balance as at 30.09.2020
1. Dr. Rozali Bin Mohamed Ali	750,000	(500,000)	-	250,000
2. Chang Wei Ming	750,000	(500,000)	-	250,000
3. Chan Boon Hui	750,000	(500,000)	-	250,000

5. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of revenue and trading nature incurred by the Group for the financial year ended 30 September 2020 did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that the annual financial statements of the Company and its subsidiaries ("the Group") are drawn up in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group as at the end of the financial year, and of the results and cash flows of the Group for the financial year.

In the preparation the financial statements, the Directors have ensured that:-

- appropriate and relevant accounting policies and practices have been adopted and applied consistently;
- the statements are supported by reasonable and prudent judgements and estimates;
- all applicable accounting standards have been followed, subject to any material departure and explained in the financial statements; and
- a going-concern basis has been adopted unless it is inappropriate to presume that the Group will continue its business.

The Directors are also responsible for:-

- Ensuring that the Group keep proper accounting records which disclose the financial position of the Group with reasonable accuracy at any time, thus enabling the financial statements to be complied with the requirements of the Companies Act 2016 and have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and
- Taking the necessary steps as are reasonably open to them to ensure appropriate systems are in place to safeguard the assets of the Group, and to detect and prevent fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

The Directors confirmed that they have complied with the above requirements for the annual financial statements for the financial year ended 30 September 2020.

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and the Company for the financial year ended 30 September 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and design and development of hard disk drive (HDD) components. The principal activities of the subsidiaries are described in Note 15 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	26,073	56,956

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 30 September 2019 were as follows:

	RM'000
In respect of the financial year ended 30 September 2019 as reported in the directors' report of that year:	
Single tier first Interim dividend of 0.50 sen per ordinary share, on 2,060,912,300 ordinary shares, declared on 27 November 2019 and paid on 8 January 2020	10,305

The directors do not recommend any dividend for the current financial year.

DIRECTORS

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

Dr. Rozali Bin Mohamed Ali
Dato' Wong King Kheng
Chang Wei Ming
Chan Boon Hui
Goh Chye Kang
Dato' Tan Shih Leng
Gouw Kim San (appointed on 16 December 2020)
Lim Ching Tee Peter (resigned on 31 December 2019)

DIRECTORS' REPORT
cont'd

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Executives' Share Options Scheme.

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

The directors' benefits of the Company are as follows:

	Group RM'000	Company RM'000
Salaries and bonus	4,834	50
Fees	941	840
Defined contribution plan	111	-
Other emoluments	300	300
	6,186	1,190

The Company maintains a liability insurance for the directors of the Group. The total sum insured for directors of the Group for the financial year amounted to RM25,000,000.

INDEMNIFYING DIRECTORS OR OFFICERS

Expenses incurred on indemnity given or insurance effected for directors and officers of the Company and its subsidiaries during the financial year amounted to RM41,000 (2019: RM41,000).

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and in its related corporations during the financial year were as follows:

	Number of ordinary shares			
	1 October 2019	Acquired	Sold	30 September 2020
Ordinary shares of the Company				
Direct interest:				
Dr. Rozali Bin Mohamed Ali	1,250,000	500,000	-	1,750,000
Dato' Wong King Kheng	4,800,000	2,000,000	(1,350,000)	5,450,000
Chang Wei Ming	325,000	500,000	(725,000)	100,000
Goh Chye Kang	600,000	1,000,000	(1,600,000)	-
Dato' Tan Shih Leng	-	3,700,000	-	3,700,000
Chan Boon Hui	-	500,000	(500,000)	-

DIRECTORS' INTERESTS *cont'd*

	Number of ordinary shares of the Company under the option pursuant to the ESOS			
	1 October 2019	Granted	Exercised	30 September 2020
Employee Share Option Scheme (ESOS) of the Company				
Dr. Rozali Bin Mohamed Ali	750,000	-	(500,000)	250,000
Dato' Wong King Kheng	3,000,000	-	(2,000,000)	1,000,000
Chang Wei Ming	750,000	-	(500,000)	250,000
Goh Chye Kang	3,000,000	-	(1,000,000)	2,000,000
Dato' Tan Shih Leng	3,000,000	-	-	3,000,000
Chan Boon Hui	750,000	-	(500,000)	250,000

Other than as disclosed above, the other directors in office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

TREASURY SHARES

As at 30 September 2020, the Company held as treasury shares, a total of 15,946,700 of its 2,076,859,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM15,584,000 and further relevant details are disclosed in Note 26(b) to the financial statements.

HOLDING COMPANY

The holding company of the Company is YKY Investments Ltd, which is incorporated in Bahamas.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render:

(i) it necessary to write off bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT
cont'd

OTHER STATUTORY INFORMATION *cont'd*

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SUBSEQUENT EVENT

Details of a subsequent event are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	431	101
Other auditors	43	-
	474	101

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 January 2021.

Goh Chye Kang **Dato' Wong King Kheng**

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Goh Chye Kang and Dato' Wong King Kheng, being two of the directors of JCY International Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 56 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 January 2021.

Goh Chye Kang **Dato' Wong King Kheng**

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Dato' Wong King Kheng, being the director primarily responsible for the financial management of JCY International Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 56 to 116 are in my opinion correct, and I make this solemn declaration by virtue of the provisions of the Notaries Public Rules, and subject to the penalties provided by that Act for the making of false statements in statutory declarations, conscientiously believing the statements contained in this declaration to be true in every particular.

Subscribed and solemnly declared by the)
abovenamed Dato' Wong King Kheng)
in Singapore on 22 January 2021)

Dato' Wong King Kheng

Before me,

INDEPENDENT AUDITORS' REPORT

To the members of **JCY International Berhad** (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of JCY International Berhad, which comprise the statements of financial position as at 30 September 2020 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including significant accounting policies, as set out on pages 56 to 116.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the 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 By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

(a) Impairment assessment on property, plant and equipment ("PPE") and right-of-use assets ("ROU") assets

The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired and whether an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Group shall estimate the recoverable amount of that asset.

Due to the existence of indicators of impairment reversal, the Group has estimated the recoverable amount of the cash-generating unit ("CGU") relating to the PPE and ROU assets in respect of hard disk drive components manufacturing and trading business using value-in-use ("VIU") method and recorded a reversal of impairment loss of RM33.2 million for the current financial year. As at 30 September 2020, the aggregate carrying amount of PPE and ROU assets of the Group was RM322.7 million, representing 28% of the Group's total assets.

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

Key audit matters cont'd

(a) Impairment assessment on property, plant and equipment ("PPE") and right-of-use assets ("ROU") assets cont'd

We consider this to be an area of audit focus due to the significance of the amount and the complexity and subjectivity involved in the impairment assessment. Our procedures in reviewing the recoverable amount of the CGU include, amongst others, the following with the assistance of our valuation specialists:

- Evaluated and assessed the appropriateness of the methodology and approach applied;
- Assessed the reasonableness of key assumptions used particularly the projected growth rates and gross profit margins;
- Assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive; and
- Evaluated the adequacy of the disclosures of each key assumption on which the Group has based its cash flow projections, as disclosed in Note 3.1(c) to the consolidated financial statements.

(b) Revenue recognition

Revenue from sale of finished goods recognised by the Group during the year amounted to RM1.076 billion. Given the nature of the manufacturing operations of the Group and the magnitude of revenue recognised in the financial statements for the year, we identified revenue recognition as an area of audit focus. We focused our audit efforts on addressing the possibility of overstatement of revenue.

In addressing this risk, we performed, amongst others, the following procedures:

- Tested the Group's internal controls over the timing and amount of revenue recognised;
- Inspected the terms of significant sales transactions on sampling basis to determine the point of transfer of control and assessed whether revenue was recognised in accordance with the terms stated in the respective sales invoices;
- Inspected samples of documents which evidenced the sales of goods to customers;
- Tested the recording of sales transactions close to the year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period; and
- Using data analytics, we performed correlation analysis between revenue, trade receivables and cash and bank balances.

The Group's disclosures on revenue recognition are included in Note 2.20 and Note 4 to the consolidated financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprise the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

INDEPENDENT AUDITORS' REPORT

To the members of **JCY International Berhad** (Incorporated in Malaysia)
cont'd

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

Information other than the financial statements and auditors' report thereon cont'd

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are 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 the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company 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 approved standards on auditing in Malaysia and 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 approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, 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 and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT

To the members of **JCY International Berhad** (Incorporated in Malaysia)
cont'd

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

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

- Conclude on the appropriateness of the directors' 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 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 in our auditors' report to the related disclosures in the financial statements of the Group and of the Company 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 or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company 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 financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 the directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Lee Ming Li
02983/03/2022 J
Chartered Accountant

Johor Bahru, Malaysia
Date: 22 January 2021

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2020

	Note	Group		Company	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Revenue	4	1,075,983	1,037,110	63,245	-
Cost of sales		(1,034,140)	(1,066,625)	-	-
Gross profit/(loss)		41,843	(29,515)	63,245	-
Other items of income					
Other operating income		7,566	46,071	25	2,704
Other items of expense					
General and administrative expenses		(42,023)	(51,716)	(6,260)	(4,637)
Reversal of impairment loss/(Impairment loss) on property, plant and equipment		33,195	(29,712)	-	-
Finance costs	8	(2,292)	(2,916)	(24)	-
Profit/(loss) before tax	5	38,289	(67,788)	56,986	(1,933)
Taxation	9	(12,216)	13,615	(30)	-
Profit/(loss) after tax		26,073	(54,173)	56,956	(1,933)
Other comprehensive loss					
Foreign currency translation		9,706	(5,464)	-	-
Total comprehensive income/(loss) for the year		35,779	(59,637)	56,956	(1,933)
Basic profit/(loss) per share (sen)	10	1.3	(2.6)		
Diluted profit/(loss) per share (sen)	10	1.2	(2.5)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 30 September 2020
cont'd

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	322,683	278,452	-	-
Land use rights	13	-	25,143	-	-
Right of use assets	14	29,709	-	-	-
Investment in subsidiaries	15	-	-	463,841	462,123
Deferred tax assets	24	3,326	-	-	-
Restricted bank deposits	20	1,695	1,769	-	-
		357,413	305,364	463,841	462,123
Current assets					
Inventories	16	207,450	192,202	-	-
Trade and other receivables	17	251,464	285,913	248,088	210,188
Other current asset	18	9,484	6,605	871	31
Tax recoverable		645	894	-	-
Short term fund	19	46,941	45,460	-	-
Cash and bank balances	20	281,338	242,172	12,150	241
		797,322	773,246	261,109	210,460
Total assets		1,154,735	1,078,610	724,950	672,583
Equity and liabilities					
Current liabilities					
Trade and other payables	21	142,249	135,812	919	4,169
Borrowings	22	62,740	47,517	-	-
Lease liabilities	25	961	-	-	-
Tax liabilities		2,588	313	30	-
		208,538	183,642	949	4,169
Net current assets		588,784	589,604	260,160	206,291
Non-current liabilities					
Long term employee benefits	23	4,929	5,248	-	-
Lease liabilities	25	4,394	-	-	-
Deferred tax liabilities	24	13,784	1,040	-	-
		23,107	6,288	-	-
Total liabilities		231,645	189,930	949	4,169
Net assets		923,090	888,680	724,001	668,414
Equity attributable to equity holders of the Company					
Share capital	26	544,871	536,732	544,871	536,732
Reserves		378,219	351,948	179,130	131,682
Total equity		923,090	888,680	724,001	668,414
Total equity and liabilities		1,154,735	1,078,610	724,950	672,583

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 September 2020

		← Non-distributable			→	Distributable	
	Note	Share capital (Note 26(a)) RM'000	Treasury shares (Note 26(b)) RM'000	Employee share options reserve (Note 27(a)) RM'000	Foreign currency translation reserve (Note 27(b)) RM'000	Retained earnings (Note 28) RM'000	Total RM'000
2020							
At 1 October 2019		536,732	(15,584)	4,473	48,181	314,878	888,680
Total comprehensive income for the year		-	-	-	9,706	26,073	35,779
Transactions with owners							
Dividends	11	-	-	-	-	(10,305)	(10,305)
Exercise of employee share options		8,139	-	-	-	-	8,139
Grant of equity-settled share options to employees		-	-	797	-	-	797
At 30 September 2020		544,871	(15,584)	5,270	57,887	330,646	923,090
2019							
At 1 October 2018		536,732	(15,584)	-	53,645	369,051	943,844
Total comprehensive loss for the year		-	-	-	(5,464)	(54,173)	(59,637)
Transactions with owners							
Grant of equity-settled share options to employees		-	-	4,473	-	-	4,473
At 30 September 2019		536,732	(15,584)	4,473	48,181	314,878	888,680

COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 September 2020

		← Non-distributable	→		Distributable	
	Note	Share capital (Note 26(a)) RM'000	Treasury shares (Note 26(b)) RM'000	Employee share options reserve (Note 27(a)) RM'000	Retained earnings (Note 28) RM'000	Total RM'000
2020						
At 1 October 2019		536,732	(15,584)	4,473	142,793	668,414
Total comprehensive income for the year		-	-	-	56,956	56,956
Transactions with owners						
Dividends	11	-	-	-	(10,305)	(10,305)
Exercise of employee share options		8,139	-	-	-	8,139
Grant of equity-settled share options to employees		-	-	797	-	797
At 30 September 2020		544,871	(15,584)	5,270	189,444	724,001
2019						
At 1 October 2018		536,732	(15,584)	-	144,726	665,874
Total comprehensive loss for the year		-	-	-	(1,933)	(1,933)
Transactions with owners						
Grant of equity-settled share options to employees		-	-	4,473	-	4,473
At 30 September 2019		536,732	(15,584)	4,473	142,793	668,414

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 30 September 2020

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit/(loss) before tax	38,289	(67,788)	56,986	(1,933)
Adjustments for:				
Depreciation	33,096	49,479	-	-
Dividend income	-	-	(63,245)	-
Amortisation of land use rights	-	623	-	-
Amortisation of right of use assets	1,721	-	-	-
Allowances for doubtful debts on amount due from subsidiaries	-	-	1,613	2,174
(Reversal of impairment loss)/Impairment loss on property, plant and equipment	(33,195)	29,712	-	-
Gain on disposal of property, plant and equipment and land-use rights	(2,438)	(24,226)	-	-
Loss on disposal of land use rights	-	1,202	-	-
Unrealised loss/(gain) on foreign exchange	16,655	(5,275)	2,652	(2,704)
Property, plant and equipment written-off	753	921	-	-
Inventories written down to net realisable value	1,698	-	-	-
Defined benefit plans	209	1,682	-	-
Interest income	(4,268)	(2,788)	(25)	-
Investment income	(1,481)	(1,675)	-	-
Grant of equity-settled share options to employees	796	4,473	78	361
Interest expenses	1,766	2,555	-	
Interest on lease liabilities	250	-	-	-
Operating cash flows before working capital changes	53,851	(11,105)	(1,941)	(2,102)
Inventories	(16,946)	61,286	-	-
Receivables	(41,760)	54,854	1,470	2,749
Other current asset	(2,879)	(957)	(815)	-
Payables	10,379	(32,321)	(3,249)	84
Cash flows generated from/(used in) operations	2,645	71,757	(4,535)	731
Interest paid	(1,766)	(2,555)	-	-
Defined benefit plans paid	(309)	(108)	-	-
Tax (paid)/refunded	(356)	8,368	-	-
Net cash flows (used in)/generated from operating activities	214	77,462	(4,535)	731

STATEMENTS OF CASH FLOWS
For the financial year ended 30 September 2020
cont'd

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Investing activities				
Interest received	4,268	2,788	-	-
Investment income received	1,481	1,675	-	-
Additions to unit trust fund	(1,481)	(1,683)	-	-
Additions to restricted bank deposits	-	(117)	-	-
Purchase of property, plant and and equipment	(54,309)	(24,142)	-	-
Proceeds from disposal of property, plant and equipment	71,538	25,538	-	-
Dividend income received	-	-	62,041	-
Additional investment in subsidiaries	-	-	(1,000)	-
Placement of deposit for more than 3-months maturity with licensed bank	(7,300)	-	(7,300)	-
Loan to subsidiaries	-	-	(42,431)	(595)
Net cash flows generated from/(used in) investing activities	14,197	4,059	11,310	(595)
Financing activities				
Dividends paid	(10,305)	-	(10,305)	-
Proceed from issuance of new shares pursuant to exercise of ESOS	8,139	-	8,139	
Repayment of lease liabilities	(1,183)	-	-	-
Drawdown/(repayment) of short-term borrowings	15,644	(4,653)	-	-
Net cash flows generated from/(used in) financing activities	12,295	(4,653)	(2,166)	-
Net increase in cash and cash equivalents	25,760	76,868	4,609	136
Effect of exchange rate changes on cash and cash equivalents	5,160	(4,729)	-	1
Cash and cash equivalents at beginning of financial year	242,172	170,033	241	104
Cash and cash equivalents at end of financial year (Note 20)	274,038	242,172	4,850	241

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2020

1. CORPORATE INFORMATION

JCY International Berhad is a public limited company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business is located at 1, Jalan Firma 3, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor. The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The holding company of the Company is YKY Investments Ltd, which is incorporated in Bahamas.

The principal activity of the Company is investment holding and design and development of hard disk drive (HDD) components. The principal activities of the subsidiaries are described in Note 15.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

The financial statements which have also been prepared on a historical cost basis, except as disclosed in the accounting policies below, are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 October 2019, the Group and the Company adopted the following new standards, IC Interpretation and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2019:

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
MFRS 16 Leases	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

The adoption of the above new standards, IC Interpretation and amendments did not have any significant impact on the financial statements except for those discussed below.

MFRS 16 Leases

MFRS 16 supersedes MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Changes in accounting policies *cont'd*

MFRS 16 Leases *cont'd*

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group and the Company is the lessor.

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption with the date of application of 1 January 2019. Under this method, comparative figures are not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings as at the date of initial application.

The following table presents the impact to the statement of financial position of the Group resulting from the adoption of MFRS 16 Leases as at 1 October 2019:

Group	As at 1 October 2019	Effect of adopting MFRS 16	As at 1 October 2019 (Adjusted)
	RM'000	RM'000	RM'000
Statement of financial position			
Non-current assets			
Land use rights	25,143	(25,143)	-
Right-of-use assets	-	31,263	31,263
	25,143	6,120	31,263
Current liabilities			
Lease liabilities	-	934	934
Non-current liabilities			
Lease liabilities	-	5,186	5,186

Before the adoption of MFRS 16, the Group classified its lease at the inception date as a finance lease or operating lease. The Group has lease contracts for leasehold land and lease of equipment. A lease was classified as finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to Group; otherwise it was classified as an operating lease. Finance lease were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term.

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy for leases beginning 1 October 2019 is set out in Note 2.14. The standard provides specific transition requirements and practical expedients which have been applied by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

2. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

2.2 Changes in accounting policies *cont'd*

MFRS 16 Leases *cont'd*

(i) Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 were applied to these leases from 1 October 2019. Assets under finance leases are classified as part of property, plant and equipment and related liabilities are classified as lease liabilities.

(ii) Leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 October 2019:

(a) The Group's right-of-use assets represents rental of land, buildings and machinery, which were recognised as at 1 October 2019. Subsequent to initial recognition, the right-of-use assets is measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities.

(b) The lease liabilities arising from the rental of land, buildings and machinery are recognised and discounted using the incremental borrowing rate of the respective subsidiaries at the range of 4.3% to 5.42% at initial recognition at 1 October 2019. Subsequent to initial recognition, the Group measures the lease liabilities by reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications using the Group's incremental borrowing rate at that time.

(c) The cumulative effect of adoption of MFRS 16 Leases is recognised at the date of initial application as an adjustment to the opening balance of retained earnings as at 1 October 2019.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2020
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Changes in accounting policies *cont'd*

MFRS 16 Leases *cont'd*

The lease liabilities as at 1 October 2019 can be reconciled to the operating lease commitments as of 30 September 2019, as follows:

	Group RM'000
Operating lease commitments as at 30 September 2019	8,883
Less:	
Short-term leases recognised on a straight-line basis as expense	(19)
Low-value leases recognised on a straight-line basis as expense	(1,742)
Operating lease commitments as at 30 September 2019 (Adjusted)	7,122
Weighted average incremental borrowing rate as at 1 October 2019	4.90%
Discounted operating lease commitments as at 1 October 2019	6,120
Add:	
Extension options reasonably certain to be exercised	-
Lease liabilities recognised as at 1 October 2019	6,120

2.3 Standards and interpretations issued but not yet effective

The Standards, Amendments, Annual Improvements and IC Interpretations that are issued but not yet effective up to the date of issuance of the Group and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these Standards, Amendments, Annual Improvements and IC Interpretations, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and 108: Definition of Material	1 January 2020
Amendments to references to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018–2020"	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards and interpretations issued but not yet effective *cont'd*

The directors are of the opinion that the standards, amendments, annual improvement and IC Interpretation above would not have any material impact on the financial statements in the year of initial adoption.

2.4 Current versus non-current classification

Assets and liabilities in the statement of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- 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:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- 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.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Control is achieved when the Group is 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. Specifically, the Group controls an investee if, and only if, the Group has:

(i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.5 Basis of consolidation *cont'd*

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee

(ii) Rights arising from other contractual arrangements

(iii) The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Business combinations and goodwill

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

All other business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2020
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.6 Business combinations and goodwill *cont'd*

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.7 Fair value measurement *cont'd*

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.8 Property, plant and equipment *cont'd*

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use. Depreciation on other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2% - 5%
Fixtures, fittings and office equipment	20%
Motor vehicles	20%
Plant, machinery and equipment	6.7% - 20%
Electrical installation	10% - 20%
Renovation	10% - 20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.9 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its VIU calculation on detailed budgets and forecast calculations, which are prepared separately for each of the company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of ten years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and consumables: purchase costs on a first-in first-out basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do no contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2020
cont'd

2. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

2.11 Financial instruments *cont'd*

(a) **Financial assets** *cont'd*

Initial recognition and measurement *cont'd*

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)

- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at fair value through profit or loss

The Group and the Company do not have any financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) or financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

- ***Financial assets at amortised cost (debt instruments)***

  This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

  - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

    and

  - 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

  Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit and loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost comprise solely of its trade and other receivables balance.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or;

- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.11 Financial instruments *cont'd*

(a) Financial assets *cont'd*

Derecognition *cont'd*

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of 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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs 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 and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.11 Financial instruments *cont'd*

(b) Financial liabilities *cont'd*

Initial recognition and measurement *cont'd*

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liability comprise of trade and other payables and borrowings which are classified as *loans and borrowings*.

Subsequent measurement

After initial recognition, financial liabilities classified as *loans and borrowings* are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of statement of other comprehensive income.

This category generally applies to the Group's and the Company's trade and other payables balances.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.14 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Land and buildings	1% to 17%
Machinery	22% to 63%

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.9 Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured 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 the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.14 Leases *cont'd*

(a) Group as a lessee *cont'd*

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Recognition and measurement in financial year ended 30 September 2020

The Group has recognised and measured its leases in accordance with MFRS 16 Lease effective from 1 October 2019. The financial impact to the Group's financial statements on initial adoption of this Standard is disclosed in Note 2.2.

Recognition and measurement in financial year ended 30 September 2019

Other than those assets previously classified as finance leases, all of the Group's leases are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of comprehensive income 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.

2.15 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms, ranging from 40 to 59 years.

2.16 Taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.16 Taxes *cont'd*

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2020
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.16 Taxes *cont'd*

(d) Sales and Services Tax ("SST")

Revenues, expenses and assets are recognised net of the amount of SST except:

- Where the amount of SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of SST included.

The net amount of SST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) 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 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 employee share option 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 estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.18 Employee benefits *cont'd*

(c) Defined benefit plan

The Group provides a defined benefit pension plan to its employees in Thailand. This benefit is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales' and 'general and administrative expenses' in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

- Net interest expense or income

2.19 Foreign currency

(a) 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 ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.19 Foreign currency *cont'd*

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Ringgit Malaysia (RM) at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.20 Revenue from contracts with customers

The Group and the Company recognise revenue from contracts with customers based on the five-step model as set out below:

(i) Identify contract with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

(i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue are measured at the fair value of consideration received or receivable.

Dividend income

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical segments which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group and the Company.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Deferred tax

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Further details of the recognised and unrecognised deferred tax assets are disclosed in Note 24.

(b) Income tax

Judgement is involved in determining the Group's provision for income taxes as there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

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

3.1 Key sources of estimation uncertainty *cont'd*

(b) Income tax *cont'd*

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Impairment of property, plant and equipment and right-of use assets

The Group assesses whether there are any indicators of impairment and impairment reversal for its property, plant and equipment ("PPE") and right-of-use ("ROU") assets at each reporting date. If any such indicator exists, the recoverable amount of these non-financial assets will be determined based on the higher of the value in use ("VIU") and the fair value less cost of disposal.

During the current year, Group was able to achieve better selling prices on its products as it was able to increase sales of new products to a customer and achieve higher margins on its newer products. The margin improvement achieved by the Group is an indication of impairment reversal, hence the Group has estimated the recoverable amount of the cash-generating unit ("CGU") relating to the PPE and ROU assets in respect of hard disk drive components manufacturing and trading business using VIU method.

The VIU calculation is based on a discounted cash-flow ("DCF") model. The cash flows are derived from a forecast for the next 10 years and do not include restructuring activities that is not yet committed to or significant future investment that will enhance the Group's performance. The VIU calculation is most sensitive to the following assumptions :

- The future forecasted cash flows is discounted at a post-tax weighted average cost of capital ("WACC") of 12% (2019: 12%) and pre-tax WACC of 14.6% (2019: 12.8%);

- Sales forecast for year 1 is estimated based on the manufacturing forecast of the customers. Sales growth for years 2 to 4 is projected based on the market analyst's forecast and sales growth beyond the four-year period is projected using -1.7% growth rate.

- The gross margin between the price of the CGU's finished goods and the price of the CGU's raw material will remain consistent with that of the current financial year.

- The foreign exchange rate of RM4.15/USD is estimated throughout the 10 years.

As a result of this assessment, management has recognised a reversal of impairment of RM33.195 million in the current financial year as disclosed in Note 5 and Note 12.

A change in the following key assumptions would not result in further impairment but the Group will not have a reversal of impairment for the CGU.

- WACC increased by 3.1% with all other assumptions remain constant;

- Growth rate applied to cash flows beyond the four-year period decreased by 8.3% with all other assumptions remain constant;

- Forecasted revenue and and cost of sales decreased by 10.3% with all the other assumptions remain constant.

- Forecasted foreign exchange rate of RM/USD decreased by 1%.

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

3.1 Key sources of estimation uncertainty *cont'd*

(c) Impairment of property, plant and equipment and right-of use assets *cont'd*

Subsequent to the end of the financial year and as disclosed in Note 37, one of the Group's major customers informed the Group that they intend to firstly reduce and eventually stop purchases of one of the Group's component products which previously accounted for a material proportion of the Group's revenue for the year ended 30 September 2020. This is expected to have negative impacts on the Group's revenue, cost of production and possibly result in impairment provisions for the financial year ending 30 September 2021.

The Group has assessed this realignment of customer base after the financial year end and concluded this is a non-adjusting event as the Group only received the information after the end of the financial year and that there was no evidence of conditions that existed at the end of the financial year.

In view of the realignment of customer base subsequent to the end of the financial year, there is a significant risk that the assumptions for the revenue and cost of sales applied in the impairment assessment of the CGU relating to the property, plant and equipment ("PPE") and right-of-use assets ("ROU") in respect of hard disk drive components manufacturing and trading business would need to be revised in next financial year which may result in a potential adjustment to the carrying amounts of the PPE and ROU. The realignment of customer base subsequent to the end of the financial year may cause negative deviations to the Group's future revenue and cost of production forecasted in the impairment assessment as at 30 September 2020.

4. REVENUE

Set out below is the disaggregation of the Group's and Company's revenue from contracts with customers.

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sales of hard disk drive components	1,036,151	995,913	-	-
Sales of other components	39,832	41,197	-	-
Revenue arising from contracts with customers	1,075,983	1,037,110	-	-
Dividend income	-	-	63,245	-
	1,075,983	1,037,110	63,245	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

5. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(loss) before tax is stated after charging:				
Depreciation (Note 12)	33,096	49,479	-	-
Amortisation of land use rights (Note 13)	-	623	-	-
Amortisation of right-of-use assets (Note 14)	1,721	-	-	-
Allowances for doubtful debts on amount due from subsidiaries (Note 17(c))	-	-	1,613	2,174
Auditors' remuneration:				
- statutory audit				
- current year	474	525	101	113
- other services	10	10	-	-
Employee benefits expense (Note 6)	211,993	207,591	1,448	891
Impairment loss on property, plant and equipment (Note 12)	-	29,712	-	-
Inventories written down to net realisable value	1,698	-	-	-
Non-executive directors' remuneration (Note 7)				
- fees	360	360	360	360
- other emoluments	300	300	300	300
Rental of land and building	208	1,052	-	-
Rental of equipment	804	943	-	-
Rental of hostel	7,941	8,770	-	-
Loss on disposal of land-use rights	-	1,202	-	-
Property, plant and equipment written off	753	921	-	-
Loss on foreign exchange				
- unrealised	16,655	-	2,652	-
And crediting:				
Interest income from deposits	4,268	2,788	25	-
Investment income from unit trust fund	1,481	1,675	-	-
Reversal of impairment on property, plant and equipment (Note 12)	33,195	-	-	-
Gain on disposal of property, plant and equipment	2,438	24,226	-	-
Gain on foreign exchange				
- realised	5,440	8,767	5	-
- unrealised	-	5,275	-	2,704

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2020
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6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages and salaries	201,636	191,539	1,370	530
Defined contribution plans	4,127	4,811	-	-
Social security contributions	3,420	2,683	-	-
Share options granted under ESOS	796	4,473	78	361
Defined benefit plans (Note 23)	209	1,682	-	-
Other staff related expenses	1,805	2,403	-	-
	211,993	207,591	1,448	891

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM5,526,000 (2019: RM6,017,000) and RM530,000 (2019: RM530,000) respectively, as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Group and the Company during the year are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive directors (Note 6) :				
Salaries and bonus	4,834	5,314	50	50
Fees	581	580	480	480
Defined contribution plan	111	123	-	-
	5,526	6,017	530	530
Non-executive directors (Note 5) :				
Fees	360	360	360	360
Other emoluments	300	300	300	300
	660	660	660	660
	6,186	6,677	1,190	1,190
Directors of subsidiaries				
Salaries and bonus	1,116	954	-	-
Defined contribution plan	119	100	-	-
Fees	175	225	-	-
	1,410	1,279	-	-
Total directors' remuneration	7,596	7,956	1,190	1,190

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

8. FINANCE COSTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
- Bankers' acceptances	829	1,377	-	-
- Bill payable	167	4	-	-
- Account receivables factoring	770	1,174	-	-
- Lease liabilities (Note 25)	250	-	-	-
Bank charges	276	361	24	-
	2,292	2,916	24	-

9. TAXATION

Major components of taxation

The major components of taxation for the financial years ended 30 September 2020 and 2019 are:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	141	-	-	-
Foreign income tax	2,517	-	-	-
Underprovision in prior year	222	11	30	-
	2,880	11	30	-
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	10,455	(14,362)	-	-
(Over)/underprovision in prior year	(1,119)	736	-	-
	9,336	(13,626)	-	-
	12,216	(13,615)	30	-

9. TAXATION *cont'd*

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 30 September 2020 and 2019 are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before taxation	38,289	(67,788)	56,986	(1,933)
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	9,189	(16,269)	13,677	(464)
Effect of different tax rates in other countries	707	-	-	-
Income not subject to tax	(3,990)	(3,153)	(15,164)	(655)
Expenses not deductible for tax purposes	2,082	5,331	1,487	1,119
Deferred tax assets not recognised on unutilised tax losses	5,125	-	-	-
Utilisation of previously unrecognised tax losses	-	(271)	-	-
Underprovision of income tax in prior year	222	11	30	-
(Over)/underprovision of deferred tax in prior year	(1,119)	736	-	-
Income tax expense recognised in profit or loss	12,216	(13,615)	30	-

A subsidiary of the Group has been granted a full income tax exemption by the relevant authorities on the income arising from the manufacturing of certain categories of hard disk drive components for a period of eight (8) years commenced on 10 December 2010 and expired on 9 December 2018. Upon the expiry of the full tax exemption period, a 50% tax exemption for hard disk drive components had continued for the next five (5) years commenced on 10 December 2018 and expiring on 9 December 2023.

Domestic current income tax is calculated at the statutory tax rate of 24% (2019 : 24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The computation of deferred tax as at 30 September 2020 and 2019 has reflected the effects of the above items.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
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10. PROFIT/(LOSS) PER SHARE

Basic profit/(loss) per share is calculated by dividing profit/(loss) for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted profit/(loss) per share is calculated by dividing profit/(loss) for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit/(loss) and share data used in the computation of basic and diluted profit/(loss) per share for the years ended 30 September:

	Group	
	2020	**2019**
Profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	26,073	(54,173)
Weighted average number of ordinary shares for basic loss per share computation ('000 units)	2,071,501	2,060,912
Effects of dilution:-		
Share options ('000 units)	46,594	65,289
Weighted average number of ordinary shares for diluted loss per share computation ('000 units)	2,118,095	2,126,201
Basic profit/(loss) per share (sen)	1.3	(2.6)
Diluted profit/(loss) per share (sen)	1.2	(2.5)

11. DIVIDENDS

	Dividend recognised in year	
	2020	**2019**
	RM'000	**RM'000**
In respect of financial year ended 2019:		
Single tier interim dividend of 0.50 sen per ordinary share on 2,060,912,300 ordinary shares	10,305	-

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2020
cont'd

12. PROPERTY, PLANT AND EQUIPMENT

2020 Group	Freehold land RM'000	Buildings RM'000	Construction in progress RM'000	Fixtures, fittings and office equipment RM'000	Plant and machinery RM'000	Equipment RM'000	Electrical installation RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
Cost										
At 1 October 2019	9,591	188,470	23,911	9,689	1,011,377	163,421	9,607	13,683	2,411	1,432,160
Additions	-	39	23,085	653	24,817	2,667	-	2,544	504	54,309
Disposals	-	-	-	(1,044)	(101,155)	(204)	-	-	-	(102,403)
Reclassifications	-	1,692	(39,438)	(35)	18,290	19,491	-	-	-	-
Written off	-	(8)	(316)	(123)	(3,243)	(7)	-	-	(217)	(3,914)
Exchange differences	(355)	(3,171)	(197)	(98)	(8,052)	-	-	41	(11)	(11,843)
At 30 September 2020	9,236	187,022	7,045	9,042	942,034	185,368	9,607	16,268	2,687	1,368,309
Accumulated depreciation and impairment loss										
At 1 October 2019	-	64,314	-	8,419	913,684	143,178	9,600	12,238	2,275	1,153,708
Depreciation charge for the year (Note 5)	-	5,686	-	390	21,747	4,684	-	542	47	33,096
Reversal of impairment loss (Note 5)	-	-	-	(323)	(25,924)	(6,549)	(2)	(378)	(19)	(33,195)
Disposals	-	-	-	(1,020)	(96,126)	(29)	-	-	-	(97,175)
Written off	-	(8)	-	(119)	(2,810)	(7)	-	-	(217)	(3,161)
Exchange differences	-	(1,656)	-	(63)	(5,926)	-	-	4	(6)	(7,647)
At 30 September 2020	-	68,336	-	7,284	804,645	141,277	9,598	12,406	2,080	1,045,626
At 30 September 2020										
- Accumulated depreciation	-	68,336	-	6,584	740,612	118,360	9,589	11,426	2,054	956,961
- Accumulated impairment loss	-	-	-	700	64,033	22,917	9	980	26	88,665
	-	68,336	-	7,284	804,645	141,277	9,598	12,406	2,080	1,045,626
Net carrying amount										
At 30 September 2020	9,236	118,686	7,045	1,758	137,389	44,091	9	3,862	607	322,683

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2020
cont'd

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

2019	Freehold land	Buildings	Construction in progress	Fixtures, fittings and office equipment	Plant and machinery	Equipment	Electrical installation	Renovation	Motor vehicles	Total
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cost										
At 1 October 2018	9,033	236,306	22,277	11,420	1,150,891	158,603	9,607	19,569	2,437	1,620,143
Additions	-	41	7,031	638	11,333	4,767	-	332	-	24,142
Disposals	-	(52,707)	-	(27)	(164,241)	(2,374)	-	(6,445)	-	(225,794)
Reclassifications	-	732	(7,027)	42	5,176	978	-	99	-	-
Written off	-	-	(162)	(2,928)	(4,688)	(15)	-	(151)	-	(7,944)
Exchange differences	558	4,098	1,792	544	12,906	1,462	-	279	(26)	21,613
At 30 September 2019	9,591	188,470	23,911	9,689	1,011,377	163,421	9,607	13,683	2,411	1,432,160
Accumulated depreciation and impairment loss										
At 1 October 2018	-	72,221	-	9,923	988,994	129,800	9,561	14,035	2,237	1,226,771
Depreciation charge for the year (Note 5)	-	6,280	-	510	33,122	7,841	39	1,603	84	49,479
Impairment loss (Note 5)	-	-	-	407	25,014	4,922	-	(608)	(23)	29,712
Disposals	-	(16,214)	-	(26)	(142,136)	(648)	-	(2,889)	-	(161,913)
Written off	-	-	-	(2,872)	(3,985)	(15)	-	(151)	-	(7,023)
Exchange differences	-	2,027	-	477	12,675	1,278	-	248	(23)	16,682
At 30 September 2019	-	64,314	-	8,419	913,684	143,178	9,600	12,238	2,275	1,153,708
At 30 September 2019										
- Accumulated depreciation	-	64,314	-	7,304	813,869	113,711	9,589	10,880	2,224	1,021,891
- Accumulated impairment loss	-	-	-	1,115	99,815	29,467	11	1,358	51	131,817
	-	64,314	-	8,419	913,684	143,178	9,600	12,238	2,275	1,153,708
Net carrying amount										
At 30 September 2019	9,591	124,156	23,911	1,270	97,693	20,243	7	1,445	136	278,452

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

The impairment reversal of RM33,195,000 (2019: impairment loss of RM29,712,000) during the financial year represents reversal of impairments loss for certain property, plant and equipment provided previously to the recoverable amount determined at the level of the cash generating unit ("CGU"). The CGU consists of the Group's HDD component manufacturing and trading business. This was recognised in the statement of profit or loss as reversal of impairment loss on property, plant and equipment as disclosed in Note 5. The recoverable amount as at 30 September 2020 was based on value in use ("VIU"). In determining the VIU, the Group has applied the key assumptions as disclosed in Note 3.1(c).

13. LAND USE RIGHTS

	Group	
	2020	2019
	RM'000	RM'000
Cost		
At 1 October	31,186	32,676
Effect of MFRS 16 Leases adoption (Note 2.2)	(31,186)	-
At 1 October (Adjusted)	-	32,676
Disposal for the year (Note 5)	-	(1,417)
Exchange difference	-	(73)
At 30 September	-	31,186
Accumulated amortisation		
At 1 October	6,043	5,645
Effect of MFRS 16 Leases adoption (Note 2.2)	(6,043)	-
At 1 October (Adjusted)	-	5,645
Amortisation for the year (Note 5)	-	623
Disposal for the year (Note 5)	-	(215)
Exchange difference	-	(10)
At 30 September	-	6,043
Net carrying amount		
At 30 September	-	25,143
Amount to be amortised:		
- Not later than one year	-	641
- Later than one year but not later than five years	-	2,562
- Later than five years	-	21,940
	-	25,143

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
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14. RIGHT-OF-USE ASSETS

Group	State-owned land RM'000	Buildings RM'000	Equipment RM'000	Total RM'000
Cost				
At 1 October 2019	-	-	-	-
Effect of MFRS 16 Leases adoption	31,186	5,309	811	37,306
At 1 October 2019 (Adjusted)	31,186	5,309	811	37,306
Addition	-	-	-	-
Exchange difference	-	210	(34)	176
At 30 September 2020	31,186	5,519	777	37,482
Accumulated depreciation				
At 1 October 2019	-	-	-	-
Effect of MFRS 16 Leases adoption	6,043	-	-	6,043
At 1 October 2019 (Adjusted)	6,043	-	-	6,043
Amortisation (Note 5)	607	905	209	1,721
Exchange difference	-	14	(5)	9
At 30 September 2020	6,650	919	204	7,773
Net carrying amount				
At 30 September 2020	24,536	4,600	573	29,709
At 30 September 2019	-	-	-	-

No right-of-use assets for the Company as at 30 September 2019.

15. INVESTMENT IN SUBSIDIARIES

	Company 2020 RM'000	Company 2019 RM'000
Unquoted shares, at cost:		
- In Malaysia	453,751	452,751
- Outside Malaysia	2,300	2,300
	456,051	455,051
Less: Accumulated impairment losses	(2,300)	(2,300)
	453,751	452,751
ESOS granted to employees of subsidiaries	10,090	9,372
	463,841	462,123

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2020
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15. INVESTMENT IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	2020 %	2019 %	Principal activities
Held by the Company:				
JCY HDD Technology Sdn Bhd*	Malaysia	100.00	100.00	Manufacturing and trading of HDD components
JCY HDD Technology Pte Ltd**	Singapore	100.00	100.00	Dormant
JCY HDD Industries Sdn Bhd*	Malaysia	100.00	100.00	Trading of HDD components and management services
Minarex Holdings Limited*	Mauritius	100.00	100.00	Investment holding
JCY Auto Sdn Bhd* (Note (i))	Malaysia	100.00	-	Manufacturing and trading of automotive components
Held by Minarex Holdings Limited:				
PCA Hard.Com Sdn Bhd Limited*	British Virgin Island	100.00	100.00	Dormant
JCY HDD Technology Company Limited ** (Note (ii))	Thailand	99.99	99.99	Manufacturing and distribution of HDD components
Axius Investments Ltd*	Mauritius	100.00	100.00	Investment holding
Held by Axius Investments Ltd:				
YK Technology (Suzhou) Co. Ltd***	The People's Republic of China	100.00	100.00	Manufacturing and trading of HDD components
YQ Technology (Jiangsu) Co. Ltd*** (Note (iii))	The People's Republic of China	100.00	100.00	Manufacturing and trading of mechanical components
Held by JCY HDD Technology Sdn. Bhd.:				
QB Technology Sdn Bhd *	Malaysia	100.00	100.00	Provision of labour management services within the Group

* *Audited by Ernst & Young PLT*
** *Audited by member firms of Ernst & Young Global in the respective countries*
*** *Audited by firms other than Ernst &* Young Global

(i) JCY Auto Sdn. Bhd. was incorporated on 26 February 2020 as a wholly owned subsidiary of the Company. During the financial year, the Company has subscribed for 1,000,000 new shares issued by JCY Auto Sdn. Bhd. for a cash consideration of RM1,000,000. On 13 January 2020, the Group entered into a Business Sales Agreement ("BSA") with SDM Casting Precision Sdn. Bhd. ("SDM") to acquire SDM's businesses in the automotive industry in Malaysia. The BSA is expected to be completed in the financial year ending 30 September 2021 and the SDM's businesses will be injected into JCY Auto Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
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15. INVESTMENT IN SUBSIDIARIES *cont'd*

(ii) A wholly owned subsidiary of the Company, Minarex Holdings Limited, has subscribed for additional shares of 3,990,000 issued by JCY HDD Technology Company Limited for a cash consideration of USD 10,000,000. There is no change in the effective interest of the Company in JCY HDD Technology Company Limited.

(iii) YQ Technology (Jiangsu) Co. Ltd was incorporated on 16 September 2019 as a wholly owned subsidiary of Axius Investments Ltd, an indirectly owned subsidiary of the Company. The registered capital is USD3,000,000. Subsequent to year end, the registered captial had been increased to USD4,000,000 and Axius Investment Ltd has subscribed for USD4,000,000 of the registered capital.

16. INVENTORIES

	Group	
	2020	**2019**
	RM'000	**RM'000**
At cost:		
Raw materials	56,287	42,532
Work-in-progress	64,127	51,985
Finished goods	39,694	58,649
Consumables	23,599	15,938
	183,707	169,104
At net realisable value:		
Work-in-progress	10,094	11,343
Finished goods	13,649	7,424
Consumables	-	4,331
	23,743	23,098
	207,450	192,202

During the financial year, RM1,049 million (2019: RM1,005 million) was recognised as an expense in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2020
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17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables				
Third parties	241,199	210,996	-	-
Other receivables				
Sundry receivables (Note (b))	9,079	73,749	-	-
Staff advances	2	-	-	-
Deposits	1,184	1,168	-	-
Due from subsidiaries	-	-	256,043	216,530
Less: Allowance for impairment	-	-	(7,955)	(6,342)
	10,265	74,917	248,088	210,188
Total trade and other receivables	251,464	285,913	248,088	210,188
Add: Cash and bank balances (Note 20)	283,033	243,941	12,150	241
Total financial assets	534,497	529,854	260,238	210,429

(a) Trade receivables

The Group's primary exposure to credit risk arises from its trade receivables. The Group's trading terms with its customers are on credit. The credit period is generally for a period of 30 days, extending up to 60 days for major customers. Each customer has a maximum credit limit. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are unsecured and non-interest bearing.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2020	2019
	RM'000	RM'000
Neither past due nor impaired	192,732	205,882
1 to 30 days past due but not impaired	46,533	4,586
31 to 60 days past due but not impaired	1,867	102
61 to 90 days past due but not impaired	2	2
More than 91 days past due but not impaired	65	424
	48,467	5,114
Impaired	-	-
	241,199	210,996

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

17. TRADE AND OTHER RECEIVABLES *cont'd*

(a) Trade receivables

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Almost all of the Group's trade receivables arise from customers with more than four years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM 48,467,000 (2019: RM5,114,000) that are past due at the reporting date but not impaired.

Although these balances are unsecured in nature, they are mostly due from customers which have a long-term relationship with the Group.

(b) Sundry receivables

In previous financial year, YK Technology (Suzhou) Co, Ltd., an indirect wholly-owned subsidiary of the Company, entered into a non-residential Property Relocation Compensation Agreement with Guo Lane Street Relocation Office for the disposal of its properties. The Group received RM26,661,370 out of total compensation sum of approximately RM15,643,000 in 2019 and the remaining balance of RM63,620,987 was included in other receivable and received during the current financial year.

Included in sundry receivables in previous year was an amount of RM6,970,000 due from a shareholder relating to undertaking by the shareholder to make good on any amount payable arising from any under payment of electricity charges in previous years. It was unsecured and non-interest bearing. The Group received RM6,970,000 in current financial year to settle the under payment of electricity charges in previous years.

(c) Amounts due from subsidiaries - non-trade

The non-trade amounts due from subsidiaries are unsecured, non-interest bearing and are repayable on demand.

Non-trade receivables that are impaired

The Company's non-trade receivables that are impaired at the reporting date and the movement of the allowances accounts used to record the impairment are as follows:

	Company	
	2020	**2019**
	RM'000	**RM'000**
At 1 October	6,342	4,168
Addition during the year (Note 5)	1,613	2,174
At 30 September	7,955	6,342

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2020
cont'd

18. OTHER CURRENT ASSET

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Prepayments	9,484	6,605	871	31

19. SHORT TERM FUNDS

	Group	
	2020	2019
	RM'000	RM'000
At fair value		
Short term funds	46,941	45,460

Short term funds are investments in income trust funds in Malaysia.

The fair value measurement of the Group's short term funds are categorised within Level 1 of the fair value hierarchy.

20. CASH AND BANK BALANCES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current:				
Cash on hand and cash at bank	68,687	49,375	4,850	241
Repurchase agreements	9,300	76,490	-	-
Fixed deposits with commercial banks	196,051	116,307	-	-
Cash and cash equivalents	274,038	242,172	4,850	241
Deposit for more than 3 months maturity period with a licensed bank	7,300	-	7,300	-
	281,383	242,172	12,150	241
Non-current:				
Restricted bank deposits	1,695	1,769	-	-
Total cash and bank balances (Note 17)	283,033	243,941	12,150	241

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2020
cont'd

20. CASH AND BANK BALANCES *cont'd*

The Group's restricted bank deposits comprise of bank balances pledged for bank guarantee facilities granted to a subsidiary. The interest rates and maturities of repurchase agreements, fixed deposits and restricted bank deposits of the Group as at the end of the financial year were as follows:

	Range of interest rates		Range of maturities	
	2020	**2019**	**2020**	**2019**
	%	**%**	**Days**	**Days**
Repurchase agreements	1.50	1.60 - 2.85	1 - 30	1
Fixed deposits with commercial banks	1.65 - 1.90	1.00 - 1.30	30 - 365	180 - 365
Restricted bank deposits	1.45	1.00 - 1.50	>365	>365

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Trade payable				
Third parties	114,873	100,537	-	-
Other payables				
Sundry payables	10,391	14,893	19	97
Accruals	16,985	20,382	900	895
Amount due to subsidiary	-	-	-	3,177
	27,376	35,275	919	4,169
Total trade and other payables	142,249	135,812	919	4,169
Add: Borrowings (Note 22)	62,740	47,517	-	-
Total financial liabilities carried at amortised cost	204,989	183,329	919	4,169

(a) Trade payable

Trade payables are unsecured, non-interest bearing and the normal trade credit terms granted to the Group is two months.

(b) Amount due to subsidiary - non-trade

The non-trade amount due to subsidiary is unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2020
cont'd

22. BORROWINGS

	Group	
	2020	**2019**
	RM'000	**RM'000**
Current		
Unsecured:		
Term Loan	1,935	-
Bills Payable	15,945	-
Foreign currency trade loans	44,860	47,517
	62,740	47,517

The interest rates at the reporting date for borrowings were as follows:

	Group	
	2020	**2019**
Term Loan	3.80	-
Bills Payable	1.25 - 1.30	-
Foreign currency trade loans	0.45 - 0.97	2.30 - 2.55

The Group's borrowings are secured by the following:

(a) Corporate guarantee from the Company; and
(b) Negative pledge over the assets of a subsidiary.

Movements in the borrowings were as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
At 1 October 2019/2018	47,517	52,996
Repayment of foreign currency trade loans	15,644	(4,653)
Effect of exchange rate differences	(421)	(826)
At 30 September	62,740	47,517

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2020
cont'd

23. LONG TERM EMPLOYEE BENEFITS

The Group has an unfunded defined benefit plan in Thailand. The plan is governed by the employment laws of Thailand which requires that upon normal retirement, employees are entitled to severance payment at rates ranging from 1 to 10 times of their final month of basic salary, depending on the length of service.

	Group	
	2020	**2019**
	RM'000	**RM'000**
Non-current liability		
Present value of unfunded obligations	4,929	5,248
Movement in the present value of defined benefit obligation		
At 1 October	5,248	3,356
Recognised in the profit or loss (Note 6)	209	1,682
Utilised during the year	(309)	(108)
Exchange differences	(219)	318
At 30 September	4,929	5,248
Expenses recognised in profit or loss		
Current service costs	107	1,022
Interest expense	102	53
Past service costs	-	607
	209	1,682

The expenses are recognised in general and administrative expenses.

Principal actuarial assumptions used in determining the defined benefit obligation for the Group's plan are shown below:

	2020	**2019**
Discount rate at 30 September	1.97%	1.56%
Rate of future salary increases	3.00%	3.00%

23. LONG TERM EMPLOYEE BENEFITS *cont'd*

A quantitative sensitivity analysis for significant assumptions as at 30 September is shown below:

	Increase/(decrease) in profit net of tax	
	2020	**2019**
	RM'000	**RM'000**
Discount rate:		
0.5% increase	276	192
0.5% decrease	(301)	(208)
Rate of future salary increases:		
0.5% increase	(296)	(208)
0.5% decrease	275	193

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in the significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following are expected payments of the defined benefit in future years:

	2020	**2019**
	RM'000	**RM'000**
Within the next 12 months	176	42
Between 2 and 5 years	682	574
Between 5 and 10 years	1,569	1,900
Beyond 10 years	2,502	2,732
Total expected payments	4,929	5,248

24. DEFERRED TAX LIABILITIES

	Group	
	2020	**2019**
	RM'000	**RM'000**
At beginning of financial year	(1,040)	(14,666)
Recognised in profit or loss (Note 9)	(9,336)	13,626
Translation difference	(82)	-
At end of financial year	(10,458)	(1,040)

NOTES TO THE FINANCIAL STATEMENTS

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cont'd

24. DEFERRED TAX LIABILITIES *cont'd*

The components of deferred tax mainly relate to timing differences on capital allowances for property, plant and equipment and unutilised tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses can be utilised. The movement of deferred tax during the financial year is as follows:

	Property, plant and equipment	Unutilised tax losses and unabsorbed allowances	Other temporary differences	Total
2020	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Deferred tax (liabilities)/assets				
At beginning of financial year	(19,621)	17,868	713	(1,040)
Recognised in profit or loss	(6,543)	(4,177)	1,384	(9,336)
Translation difference	-	-	(82)	(82)
At end of financial year	(26,164)	13,691	2,015	(10,458)
2019				
Deferred tax (liabilities)/assets				
At beginning of financial year	(27,035)	11,617	752	(14,666)
Recognised in profit or loss	7,414	6,251	(39)	13,626
At end of financial year	(19,621)	17,868	713	(1,040)

	Group	
	2020	**2019**
	RM'000	**RM'000**
Presented after appropriate offsetting as follows:		
Deferred tax assets	3,326	-
Deferred tax liabilities	(13,784)	(1,040)
At end of financial year	(10,458)	(1,040)

At the reporting date, the Group had tax losses of approximately RM146 million (2019: RM189 million) of a foreign subsidiary that are available for offset against future taxable profits of the companies, for which no deferred tax assets are recognised due to uncertainty over their recoverability. The use of tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the country in which the subsidiary operates. The unabsorbed tax losses can be carried forward for 5 years from the expiry of the tax exemption period as disclosed in Note 9.

25. LEASE LIABILITIES

The Group has entered into non-cancellable operating lease agreements for the use of land, buildings and equipment, which are recognised as right-of-use assets as disclosed in Note 14.

	Group	
	2020	**2019**
	RM'000	**RM'000**
Current		
Lease liabilities	961	-
Non-current		
Lease liabilities	4,394	-
Total lease liabilities	5,355	-

The remaining maturities of the lease liabilities are as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Within one year	961	-
More than 1 year and less than 2 years	974	-
More than 2 year and less than 5 years	3,420	-
	5,355	-

At the reporting date, the interest rate of the lease liabilities ranged from 4.3% to 5.42% (2019: Nil).

The movement of lease liabilities during the financial year is as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
At 1 October	-	-
Effect of MFRS 16 Lease adoption (Note 2.2)	6,120	-
At 1 October (Adjusted)	6,120	-
Interest expense on lease liabilities (Note 7)	250	-
Payments of:		
- Principal	(933)	-
- Interest (Note 8)	(250)	-
Exchange differences	168	-
At 30 September	5,355	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
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26. SHARE CAPITAL

	Number of ordinary shares		Amount	
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid)	Treasury shares
	'000	'000	RM'000	RM'000
Issued and paid up				
2020				
At beginning of financial year	2,076,859	(15,947)	536,732	(15,584)
Exercise of employee share options during the year	32,558	-	8,139	-
At end of financial year	2,109,417	(15,947)	544,871	(15,584)
2019				
At beginning and end of financial year	2,076,859	(15,947)	536,732	(15,584)

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

27. OTHER RESERVES

(a) Employee share options reserve

Employee share options reserve arises from equity-settled share options granted to employees (Note 29). 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.

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Movement				
At 1 October 2019/2018	4,473	-	4,473	-
Recognised during the year	797	4,473	79	361
Charged back to subsidiaries	-	-	718	4,112
At 30 September	5,270	4,473	5,270	4,473

27. OTHER RESERVES *cont'd*

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations.

28. RETAINED EARNINGS

The entire retained earnings of the Company as at 30 September 2020 and 30 September 2019 may be distributed as dividends under the single tier system.

29. EXECUTIVES' SHARE OPTIONS SCHEME

During the previous financial year, the Company introduced a new Executives' Share Options Scheme ("ESOS") to eligible employees of the Group.

Description of the ESOS

The ESOS was approved at the Extraordinary General Meeting of the Company held on 27 February 2019 and implemented on 17 April 2019 with a duration of 5 years. The Options Committee has the discretion to extend the duration of the ESOS for another 5 years. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives.

On 8 October 2019, the Group announced the grant of the following share options under the above ESOS to eligible employees and directors of the Group.

The exercise price of the share options granted under the ESOS is RM0.25 each. All options granted are divided into 3 equal tranches which vest on 8 October 2019, 1 October 2020 and 1 October 2020. The vesting condition is that the offeree must be an employee or director, as the case may be, of the Company or its subsidiary on the respective vesting and exercise dates.

Movement of share options during the financial year

The following table illustrates the number of, and movements in, share options of the Company during the financial year:

	Number of share options at exercise price of RM0.25 each	
	2020	**2019**
	('000)	**('000)**
Outstanding at beginning of financial year	64,890	-
- Granted	-	67,170
- Exercised	(32,558)	-
- Forfeited	(9,610)	(2,280)
Outstanding at end of financial year	22,722	64,890
Exercisable at end of financial year	22,722	20,110

There was 32,558,000 shares (2019: Nil) exercised in current financial year.

The weighted average share price at the date of exercise of the options exercised during the financial year was RM0.50 (2019: Nil)

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30. COMMITMENTS

(a) Capital commitments

Committed capital expenditure as at the reporting date is as follows:

	Group	
	2020	2019
	RM'000	RM'000
Approved and contracted for:		
Property, plant and equipment	10,874	4,369

(b) Operating lease commitments – as lessee

	Group	
	2020	2019
	RM'000	RM'000
Future minimum rental payments:		
Not later than 1 year	-	2,943
Later than 1 year and not later than 5 years	-	5,940
	-	8,883

31. RELATED PARTY TRANSACTIONS

(a) Sales and purchases of goods and services

	Company	
	2020	2019
	RM'000	RM'000
Dividend income from a subsidiary	63,245	-

(b) Compensation to key management personnel

Key management personnel of the Group and of the Company are also executive directors of the Company. Information on compensation to executive directors is disclosed in Note 7.

(c) Guarantees

The Company has provided the following guarantees to its subsidiary, JCY HDD Technology Sdn. Bhd. as at 30 September 2020:

- Guarantee to utilities providers, RM10,410,000 (2019: RM10,865,000). No liability is expected to arise from the guarantee.

- Guarantee to customs for potential claims and taxes, RM550,000 (2019: RM550,000). No liability is expected to arise from the guarantee.

32. FAIR VALUE

(i) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

	Note
Short term funds	19
Trade and other receivables	17
Trade and other payables	21
Borrowings	22

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

For the purpose of the above estimates of fair value of financial instruments, 'short term nature' is defined as a period within one year.

(ii) Short term funds

The short term funds are valued at market prices quoted at the reporting date. The fair value measurement of the Group's short term funds are categorised within Level 1 of the fair value hierarchy.

There were no transfers between the various categories in the hierarchy of fair value measurement during the reporting period ended 30 September 2020 and 2019.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

Credit risks, or the risk of counterparties defaulting, is managed through the application of credit approvals, credit limits and monitoring procedures. Cash terms and advance payments are required for customers of lower credit standing.

Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

As at year end, the Group has a concentration of credit risk as a substantial portion of the trade receivables were due from its principal customers.

NOTES TO THE FINANCIAL STATEMENTS

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cont'd

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(a) Credit risk *cont'd*

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

Group

30 September 2020			**Days past due**		
	Current	**1-30 days**	**31-90 days**	**More than 91 days**	**Total**
Expected credit loss rate	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default (RM'000)	192,732	46,533	1,867	67	241,060
Expected credit loss (RM'000)	-	-	-	-	-

Group

30 September 2019			**Days past due**		
	Current	**1-30 days**	**31-90 days**	**More than 91 days**	**Total**
Expected credit loss rate	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default (RM'000)	205,882	4,586	104	424	210,996
Expected credit loss (RM'000)	-	-	-	-	-

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statement of financial position.
- A nominal amount of RM62,740,000 (2019: RM47,517,000) relating to corporate guarantees provided by the Company to banks for credit facilities granted to subsidiaries. As at 30 September 2020 and 2019, the Company has not recognised any financial liability relating to corporate guarantees given to subsidiaries as the subsidiaries did not default on any credit facilities.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 17(a).

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(a) Credit risk *cont'd*

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2020		2019	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	3,658	2	3,066	1
Singapore	9,677	4	18,601	9
Thailand	227,384	94	189,326	90
Other countries	341	-	3	-
	241,060	100	210,996	100

At the reporting date, approximately 96% (2019: 91%) of the Group's trade receivables were due from 3 (2019: 3) major customers.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17(a).

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(b) Liquidity risk *cont'd*

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Total RM
2020			
Group			
Financial liabilities			
Trade and other payables	142,249	-	142,249
Loans and borrowings	62,740	-	62,740
Lease liabilities	1,170	4,761	5,931
Total undiscounted financial liabilities	206,159	4,761	210,920
Company			
Financial liabilities			
Trade and other payables	919	-	919
2019			
Group			
Financial liabilities			
Trade and other payables	135,812	-	135,812
Loans and borrowings	41,517	-	41,517
Total undiscounted financial liabilities	177,329	-	177,329
Company			
Financial liabilities			
Trade and other payables	4,169	-	4,169

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's primary interest rate risk relates to deposit placements and interest-bearing debt. The Group manages its interest rate exposure for the interest-earning deposit placements by placing such balances on varying maturities and interest rate terms. The Group manages its interest rate exposure for interest-bearing debt by constantly reviewing its debt portfolio to capitalise on cheaper funding when interest rates are low and relying on internally generated funds when interest rates are high.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(c) Interest rate risk *cont'd*

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM757,000 (2019: RM725,000) lower/higher, arising mainly as a result of higher/lower interest income on repurchase agreements and fixed deposits with commercial banks. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars (USD), Singapore Dollars (SGD) and Thailand Baht (Baht). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are closely monitored by the Group and kept to an acceptable level.

Approximately 100% (2019: 100%) of the Group's sales are denominated in foreign currencies whilst 57% (2019: 55%) of costs are denominated in foreign currencies. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in RMB and USD) amount to RM244,120,000 (2019: RM195,701,000).

The Group is also exposed to currency translation risk arising from its foreign operations. The Group's investment in these subsidiaries are not hedged as the currency position in these subsidiaries are considered to be long-term in nature.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Functional currency of group companies			
Net financial assets/(liabilities) held in non-functional currency	**Thai Baht RM'000**	**Ringgit Malaysia RM'000**	**Chinese Renminbi RM'000**	**Total RM'000**
2020				
United States Dollars	(181,866)	493,412	18,582	329,990
Singapore Dollars	(5,355)	(7,494)	-	(12,849)
Thai Baht	-	(434)	-	(434)
Others	(2,974)	(15,945)	-	(18,919)
	(190,195)	469,539	18,582	297,788
2019				
United States Dollars	(182,252)	498,086	21,740	337,574
Singapore Dollars	(2,928)	(6,802)	-	(9,730)
Thai Baht	-	(307)	-	(307)
	(185,180)	490,977	21,740	327,537

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(d) Foreign currency risk *cont'd*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) net of tax to a reasonably possible change in the USD, SGD, EUR and Baht exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group Increase/(decrease) in profit/(loss) net of tax	
		2020 **RM'000**	**2019** **RM'000**
USD/RM	- strengthened 10% (2019: 10%)	49,341	49,809
	- weakened 10% (2019: 10%)	(49,341)	(49,809)
USD/Baht	- strengthened 10% (2019: 10%)	(18,187)	(18,225)
	- weakened 10% (2019: 10%)	18,187	18,225
USD/RMB	- strengthened 10% (2019: 10%)	(1,858)	(2,174)
	- weakened 10% (2019: 10%)	1,858	2,174
SGD/RM	- strengthened 10% (2019: 10%)	(749)	(680)
	- weakened 10% (2019: 10%)	749	680
SGD/Baht	- strengthened 10% (2019: 10%)	(536)	(293)
	- weakened 10% (2019: 10%)	536	293
Baht/RM	- strengthened 10% (2019: 10%)	(43)	(31)
	- weakened 10% (2019: 10%)	43	31

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 September 2020 and 30 September 2019.

34. CAPITAL MANAGEMENT *cont'd*

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners.

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Lease liabilities	25	5,355	-	-	-
Borrowings	22	62,740	47,517	-	-
Trade and other payables	21	142,249	135,812	919	4,169
Less: Cash and bank balances	20	(281,338)	(287,632)	(12,150)	(241)
Net (cash)/debt		(70,994)	(104,303)	(11,231)	3,928
Equity attributable to the owners of the parent, represents total capital		923,090	888,680	724,001	668,414
Capital and net debt		852,096	784,377	712,770	672,342
Gearing ratio		N/A	N/A	N/A	1%

35. SEGMENT INFORMATION

The Group's activities are predominantly in the trading, manufacturing and assembling of HDD components. As such, segmental information is only presented by geographical segments. The geographical segments are based on the location of assets and these are:

(i) Malaysia
(ii) Thailand
(iii) Others: These consist of segments which are outside Malaysia but which individually fall below the 10% threshold of a reportable segment.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

35. SEGMENT INFORMATION *cont'd*

Geographical segments

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

	Malaysia RM'000	Thailand RM'000	Others RM'000	Eliminations RM'000	Total RM'000
30 September 2020					
Revenue					
Sales to external customers	756,656	318,907	420	-	1,075,983
Inter-segment sales	186,842	-	-	(186,842)	-
Total revenue	943,498	318,907	420	(186,842)	1,075,983
Results					
Segment results	44,684	(28,564)	(5,919)	(2,815)	7,386
Reversal of impairment on property, plant and equipment	22,703	10,492	-	-	33,195
Finance costs	(1,235)	(808)	(647)	398	(2,292)
Profit/(Loss) before tax	66,152	(18,880)	(6,566)	(2,417)	38,289
Income tax	(13,304)	2,950	(2,059)	197	(12,216)
Profit/(Loss) net of tax	52,848	(15,930)	(8,625)	(2,220)	26,073
Assets and liabilities					
Segment assets	1,606,920	195,096	535,290	(1,182,571)	1,154,735
Segment liabilities	207,646	218,402	368,025	(562,428)	231,645
Other segment information					
Depreciation	22,369	10,690	443	(406)	33,096
Amortisation	607	209	905	-	1,721

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

35. SEGMENT INFORMATION *cont'd*

	Malaysia RM'000	Thailand RM'000	Others RM'000	Eliminations RM'000	Total RM'000
30 September 2019					
Revenue					
Sales to external customers	736,691	300,419	-	-	1,037,110
Inter-segment sales	168,702	-	26,308	(195,010)	-
Total revenue	905,393	300,419	26,308	(195,010)	1,037,110
Results					
Segment results	(23,204)	(14,342)	17,894	(45,220)	(64,872)
Finance costs	(1,739)	(1,174)	(3)	-	(2,916)
(Loss)/profit before tax	(24,943)	(15,516)	17,891	(45,220)	(67,788)
Income tax	13,615	-	-	-	13,615
(Loss)/profit net of tax	(11,328)	(15,516)	17,891	(45,220)	(54,173)
Assets and liabilities					
Segment assets	1,621,320	157,042	470,120	(1,169,872)	1,078,610
Segment liabilities	190,967	204,680	304,940	(510,657)	189,930
Other segment information					
Depreciation	33,907	12,255	4,038	(721)	49,479
Amortisation	607	-	16	-	623

36. EFFECT OF COVID-19 PANDEMIC

The COVID-19 was initially reported in December 2019 and has since spread globally. On 11 March 2020, the World Health Organization declared COVID-19 a worldwide pandemic. This pandemic has resulted in countries around the world including Malaysia implementing immediate preventive measures to control and minimize the spread of the virus. With widespread concerns about the ongoing Covid-19 pandemic, the Government of Malaysia has declared a Movement Control Oder ("MCO") from 18 March 2020. As result, the Group's production facilities in Malaysia were operating at significantly reduced capacity in March and April 2020 due to MCO imposed by Malaysian Government. The MCO had an adverse impact to the revenue and cost of sales of the Group in March and April 2020. Nevertheless, the Malaysian production facilities resumed to full operation from 29 April 2020. The production facilities in Thailand were not significantly impacted during the current financial year as there was no restriction of movement imposed in Thailand.

Except for the temporarily operation interruptions as disclosed above, the Group's financial performance and cash flows for the financial year ended 30 September 2020 had not been materially impacted by the global pandemic of COVID-19.

Subsequent to the end of the financial year, the numbers of new COVID-19 cases increased substantially in certain regions that the Group has operations. The Malaysian Government implemented a second round of Movement Control Order ("MCO 2") in selected high-risk states from 13 January 2021 to 26 January 2021. However, the Malaysian Government also allows some economic sectors, including the manufacturing sector, to continue operating at full capacity throughout the MCO 2 period. The implementation of MCO 2 by Malaysian Government is not expected to cause material financial impacts to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
cont'd

36. EFFECT OF COVID-19 PANDEMIC *cont'd*

The COVID-19 Pandemic has impacted many aspects of the global economies. The changes in interest rates and monetary policies by many countries had led to and may lead to further fluctuations in interest rates, raw material prices and currencies exchange rates that may have significant impacts on the Group's reporting results in the financial year ending 30 September 2021.

The large base of the Group's 9,300 workers and employees translates into a relatively higher risk of them contracting the SARS-CoV-2 virus that causes COVID-19, which may in turn cause interruptions to the Group's operations and adversely impact the Group's reporting revenue and results in the financial year ending 30 September 2021.

Further risks amid the COVID-19 Pandemic include the continuation or new implementation of lockdowns or movement restrictions that may restrict the cross-border transportations of goods and human resources.

At this juncture, it is not possible for the Group to estimate the full impact of the COVID-19 Pandemic's short-term and longer-time effects or the Government's varying efforts to combat the COVID-19 Pandemic and support businesses. As the situation is still evolving as at the date of this report, the Group is unable to ascertain the eventual financial impact that the COVID-19 Pandemic disruption will have on the performance for the financial year ending 30 September 2021.

The Group will continue to actively monitor the situation and development of the COVID-19 Pandemic in the countries where it has operations and the monetary policies made by leading countries, and to take necessary actions to mitigate the adverse impacts.

37. SUBSEQUENT EVENT

Subsequent to the end of the financial year, one of the Group's major customers informed the Group that they intend to firstly reduce and eventually stop purchases of one of the Group's component products which previously accounted for a material proportion of the Group's revenue for the year ended 30 September 2020. This may have negative impacts on the Group's revenue, cost of production and possibly result in impairment provisions for the financial year ending 30 September 2021.

At the same time, the Group has commenced a major realignment of its customer base. The Group has committed a significant amount of capital and resources for this major realignment and is ramping up production for certain components, including a new range of products for these customers. The Group is fully dedicated to achieving these targets, which will have a positive impact on our financial results for the financial year ending 30 September 2021 and beyond.

As of the date of this report, the Group is unable to reliably estimate the full impacts to financial performance for the financial year ending 30 September 2021 as the discussions with the customers of the affected products and from the realignment of customer base are still on-going.

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 September 2020 were authorised for issue in accordance with a resolution of the directors on 22 January 2021.

LIST OF PROPERTIES

No.	Address/Location	Tenure of land (years)	Existing use	Land area/ Built up area	Age of Building	Net book value as at 30 September 2020 (RM)
1	No. 1, Jalan Firma 3 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 1 February 2000 and expiring 31 January 2060	Factory building cum office	Approximately 2.002 acres. Total built up area of approximately 50,000 square feet	18.5 years	3,599,000
2	No. 17, Jalan Firma 3 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 1 February 2000 and expiring 31 January 2060	Factory building cum office	Approximately 2.5 acres. Total built up area of approximately 69,000 square feet	19 years	3,953,000
3	No. 15, Jalan Firma 3 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 22 August 2000 and expiring 21 August 2060	Factory building cum office	Approximately 2.501 acres. Total built up area of approximately 153,000 square feet	18 years	9,979,000
4	No. 3, Jalan Firma 3 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 1 February 2000 and expiring 31 January 2060	Factory building cum office	Approximately 1.986 acres. Total built up area of approximately 55,000 square feet	18 years	4,338,000
5	No. 24/No. 24A/No. 24B Jalan Firma 2, Kawasan Perindustrian Tebrau IV Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 30 November 2002 and expiring 29 November 2062	Factory building cum office	Approximately 4 acres. Total built up area of approximately 129,000 square feet	15.5 years	12,694,000
6	PLO 296, Jalan Firma 2 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 6 January 2003 and expiring 5 January 2063	Factory building cum office	Approximately 5 acres. Total built up area of approximately 237,000 square feet	10 years	27,675,000

LIST OF PROPERTIES
cont'd

No.	Address/Location	Tenure of land (years)	Existing use	Land area/ Built up area	Age of Building	Net book value as at 30 September 2020 (RM)
7	Plo 279, Jalan Firma 3 Kawasan Perindustrian Tebrau IV 81100, Johor Bahru, Johor	60 years lease commencing on 6 January 2003 and expiring 5 January 2063	Factory building cum office	Approximately 2.637 acres. Total built up area of approximately 83,000 square feet	18 years	9,850,000
8	Lot PT 2743 Jalan Bemban Kawasan Perindustrian Jasin, 77000 Jasin Melaka	Freehold	Factory building cum office	Approximately 2.81082 acres. Total built up area of approximately 64,000 square feet	17 years	3,675,000
9	HS(D) 46612, PT 394 Mukim 13, Daerah Seberang Perai Tengah Pulau Pinang	60 years lease commencing on 12 March 2001 and expiring 11 March 2061	Factory building cum office	Approximately 9.33317 acres. Total built up area of approximately 120,000 square feet	10 years	13,470,000
10	HS(D) 26391, PT 261 Mukim 13, Seberang Perai Tengah Pulau Pinang	60 years lease commencing on 7 July 1998 and expiring 6 July 2058	Factory building cum office	Approximately 4.0003 acres. Total built up area of approximately 132,342 square feet	14.5 years	21,382,000
12	Plot No. 43 in the S I L Industrial Zone, land title deed no. 36364, located at Bualoy Sub-District Nongkhae District Saraburi Province Thailand	Freehold	Factory building cum office	Approximately 11.806 acres. Total built up area of approximately 203,181 square feet	13 years	41,408,000

SHARE BUY-BACK STATEMENT

1. DISCLAIMER STATEMENT

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") has not perused this Statement prior to its issuance as it is an exempt document pursuant to the provision of the Practice Note 18 of the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities.

Bursa Malaysia Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents therein.

2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The Board proposes to seek approval from the shareholders for the renewal of the authority to enable the Company to purchase and/or hold from time to time and at any time, in aggregate such number of shares representing not more than ten per centum (10%) of the total number of issued shares of the Company, through the stockbrokers to be appointed by the Company at a later date.

For illustrative purposes, as at 31 December 2020, being the latest practicable date prior to the date of this Statement ("**LPD**"), the total number of issued shares of the Company stood at 2,118,570,000 Shares. Assuming that no further Shares are issued and none of the Executives' Share Option Scheme ("**ESOS**") are exercised as at LPD, the maximum number of Shares that may be purchased by the Company pursuant to the Proposed Share Buy-back is 211,857,000 Shares, inclusive of the 15,946,700 Shares that have already been bought back by the Company and retained as treasury shares.

For the avoidance of doubt, throughout this Statement including the proforma effects as disclosed in Section 4, the following have not been taken into account:

(i) any grant of options or Shares to the eligible employees and/or Directors of the Group after the LPD;

(ii) any purchase of Shares by JCY after the LPD pursuant to the previous mandate for share buy-back approved by the shareholders at the Fourteenth Annual General Meeting ("**AGM**"); and

(iii) any issuance of additional Shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("**the Act**") after the LPD.

As at LPD, the Company has granted 67,170,000 ESOS Options to the eligible employees and/or Directors of the Company, 41,711,000 ESOS Options has been exercised by the respective employees and/or Directors.

The Proposed Renewal of Authority for Share Buy-back is subject to the compliance with Section 127 of the Act, the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase, including the compliance with the public shareholding spread as required by the Listing Requirements.

The authority from shareholders for the Proposed Share Buy-back, if renewed, will be effective immediately upon the passing of the ordinary resolution to be tabled at the forthcoming 15th AGM of the Company and will continue to be in force until:

(i) the conclusion of the next AGM of the Company, at which time the authority shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

SHARE BUY-BACK STATEMENT
cont'd

The Proposed Renewal of Authority for Share Buy-back does not impose an obligation on the Company to purchase its own Shares but rather, it will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period.

The actual number of Shares to be purchased, the total amount of funds involved for each purchase and the funding of the purchase will depend on the market conditions and sentiments of the stock market as well as the financial resources available to the Company.

Nevertheless, the Board will ensure that the Company satisfies the solvency test as stated under Section 112(2) of the Act before executing any buy-back of its own Shares.

2.1 Status and Treatment of Treasury Shares

Pursuant to the provisions of Section 127(7) of the Act, the Board may, at its discretion, deal with the shares purchased pursuant to the Proposed Renewal of Share Buy-back ("**Purchased Shares**") in the following manner:

(i) cancel the Shares so purchased; or
(ii) retain the Shares so purchased as treasury shares; or
(iii) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
(iv) distribute the treasury shares as share dividends to shareholders; or
(v) resell the treasury shares or any of the said Shares on Bursa Malaysia Securities in accordance with the Listing Requirements; or
(vi) transfer the treasury shares, or any of the Shares for the purposes of or under an employees' share scheme established by the Company; or
(vii) transfer the treasury shares, or any of the said Shares as purchase consideration.

Appropriate announcement(s) and notice(s) will be made to Bursa Malaysia Securities and the relevant authorities in respect of the Board's decision on the treatment of the Purchased Shares in compliance with the Listing Requirements and the Act. The Board may decide to cancel the Purchased Shares if the cancellation of the said shares is expected to enhance the Earnings per share ("**EPS**") of the Group and thereby in the long term, have a positive impact on the market price of the Shares. If the Board decides to retain the Purchased Shares as treasury shares, it may distribute the treasury shares as share dividends to the Company's shareholders and/or resell the Purchased Shares in accordance with the Listing Requirements and utilise the proceeds for any feasible investment opportunity arising in future or as working capital.

While the Purchased Shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in other distributions and otherwise are suspended, and the treasury shares shall not be taken into account in calculating the number or percentage of Shares of a class of shares in the Company for any purposes including the determination on substantial shareholders' shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolution at a meeting of the shareholders.

2.2 Source of Funds

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Share Buy-back must be made wholly out of the retained profits of the Company. Therefore, the Board proposes to allocate a maximum amount of funds not exceeding the retained profits of the Company for the Proposed Share Buy-back. Based on the latest audited financial statements of the Company for the financial year ended 30 September 2020, the retained profits of the Company stood at RM189,444,000.

The Proposed Share Buy-back will be funded from internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of purchase consideration as well as the availability of internally generated funds and borrowings and repayment capabilities of the Company at the time of purchase.

In the event that the Proposed Share Buy-back is to be partly financed by bank borrowings, the Board will ensure that the Group has sufficient funds to repay the external borrowings and that the repayment will not adversely affect the operations and cash flows of the JCY Group.

The Board is mindful of the interest of the Company and its shareholders and will be prudent in respect of the Proposed Share Buy-back exercise.

2.3 Pricing

Pursuant to the provisions of the Listing Requirements, the Company may only purchase its own shares on Bursa Malaysia Securities at a price which is not more than fifteen per centum (15%) above the weighted average market price for JCY Shares for the five (5) market days immediately preceding the date of purchase.

In the case of resale of the Purchased Shares held as treasury shares, the Company may only resell the JCY Shares on Bursa Malaysia Securities at:

(a) a price which is not less than the weighted average market price of the JCY Shares for the five (5) market days immediately before the resale; or

(b) a discounted price of not more than five per centum (5%) to the weighted average market price of the JCY Shares for the five (5) market days immediately before the resale provided that:-

- the resale takes place not earlier than thirty (30) days from the date of purchase; and
- the resale price is not less than the cost of purchase of the JCY Shares being resold.

3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-back will enable the JCY Group to utilise any of its surplus financial resources to purchase the JCY Shares. It also provides the opportunity for the Company to stabilise the supply and demand of the JCY Shares in the open market and thereby allowing the share price of JCY to better reflect the fundamental value of JCY Shares. If the purchased JCY Shares are subsequently cancelled, the long term investors are expected to enjoy a corresponding increase in the value of their investments in the Company with the proportionate strengthening of the EPS of the Company.

The Purchased Shares can also be held as treasury shares and resold in accordance with the Listing Requirements on the market of Bursa Malaysia Securities at a higher price with the intention of realising a potential gain without affecting the total number of issued shares of JCY. In the event the treasury shares are distributed as share dividends to shareholders, this would serve as a reward to the shareholders of the Company.

The Proposed Renewal of Authority for Share Buy-back will also provide flexibility to the Company to use the Purchased Shares which are held as treasury shares for the purposes of the employees' share scheme established by the Company or as the purchase consideration.

4. EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The effects of the Proposed Renewal of Authority for Share Buy-back on the share capital, Net assets ("**NA**"), working capital, EPS and dividend of the Company, assuming the purchase of own shares are up to the maximum ten per centum (10%) of the total number of issued shares of JCY, are set out below:-

4.1 Total Number of Issued Shares

The effects of the Proposed Share Buy-back on the share capital of the Company will depend on the intention of the Board as to the treatment of the Purchased Shares.

SHARE BUY-BACK STATEMENT
cont'd

For illustrative purposes only, the proforma effect of the Proposed Renewal of Authority for Share Buy-back on the total number of issued shares of the Company is based on the following scenarios:

Minimum scenario: Assuming that none of the ESOS Options are exercised as at the LPD and the Proposed Share Buy-back is implemented in full and all the Purchased Shares are cancelled.

Maximum scenario: Assuming that all the ESOS Options are fully exercised as at LPD and a total of 67,170,000 Shares are issued pursuant thereto and the Proposed Share Buy-back is implemented in full and all the Purchased Shares are cancelled.

	No. of Shares	
	Minimum scenario	**Maximum scenario**
Total number of issued Shares as at LPD	2,118,570,000	2,118,570,000
Number of Shares to be issued arising from the exercise of ESOS Options	-	67,170,000
	2,118,570,000	2,185,740,000
Less: 10% of the total number of shares purchased and cancelled	(211,857,000)	(218,574,000)
Total number of issued shares after the Proposed Share Buy-Back	**1,906,713,000**	**1,967,166,000**

The above illustration assumes that all the Purchased Shares are cancelled. Nevertheless, if the Purchased Shares are retained as treasury shares, resold or distributed to the shareholders of the Company, there will have no effect on the number of issued shares of the Company.

4.2 NA

The effect of the Proposed Share Buy-back on the consolidated NA of the JCY Group is dependent on the number of Purchased Shares, the purchase prices of the Shares, the treatment of the Purchased Shares and the effective funding cost to JCY Group to finance such purchases or any loss in interest income.

When the Company purchases its own Shares, regardless of whether they are retained as treasury shares or are subsequently cancelled, the NA per Share of JCY Group will decrease if the cost per Share purchased exceeds the NA per Share of the Group at the time of purchase. Conversely, if the cost per Share purchased is below the NA per Share of the Group at the time of purchase, the NA per Share of the Group will increase.

In the case where the Purchased Shares are held as treasury shares and are subsequently resold on Bursa Malaysia Securities, the NA per Share of the JCY Group will increase if the Company realises a gain from the resale, and vice versa.

If the treasury shares are distributed to the shareholders as share dividends, the NA of the Group will decrease by the cost of the treasury shares.

4.3 Working Capital

The Proposed Share Buy-back will reduce the working capital and cash flow of the JCY Group, the quantum of which will depend on, amongst others, the number of Shares purchased, the purchase price(s) of the Shares and the funding cost, if any.

However, the cash flow or working capital position of the Group will be restored if the purchased JCY Shares are resold at least at its purchase price.

4.4 Earnings and EPS

The effect of the Proposed Share Buy-back on the EPS of the Group will depend on the number of Shares purchased, the purchase price(s) of the Shares and the effective cost or loss in interest income and/or the opportunity cost in relation to other investment opportunities of the Group.

The Proposed Share Buy-back may increase the EPS of the JCY Group if the Company realises a gain from the resale. Similarly, if the Purchased Shares are treated as treasury shares and subsequently resold, the extent of the effect to the earnings of the JCY Group will depend on the actual selling price(s), the number of treasury shares resold and the effective gain or interest savings arising from the resale.

4.5 Dividends

The Proposed Share Buy-back is not expected to have any material effect on the dividend payments of the Company. The dividend to be declared by the Company in the future would be determined by the Board after taking into consideration the Company's solvency, the performance of the Group and the prevailing economic conditions.

However, as stated in Sections 2 and 3 above, the Board may distribute future dividends in the form of treasury shares pursuant to the Proposed Share Buy-back.

4.6 Directors' and Substantial Shareholders' Shareholdings

Based on the Company's Registers of Directors' and Substantial Shareholders' Shareholdings as at LPD, and assuming the Company acquires the maximum number of the Shares authorised under the Proposed Share Buy-back and that all the Purchased Shares are fully cancelled, the effect of the Proposed Share Buy-back on the shareholdings of the Directors and Substantial Shareholders of the Company are as follows:

SHARE BUY-BACK STATEMENT
cont'd

Minimum scenario: Assuming that none of the ESOS Options are exercised as at the LPD and the Proposed Share Buy-back is implemented in full.

	As at LPD				After full implementation of the Proposed Share Buy-back			
	Direct		Indirect		Direct		Indirect	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Dr. Rozali Bin Mohamed Ali	1,750,000	0.08	-	-	1,750,000	0.09	-	-
Goh Chye Kang	-	-	-	-	-	-	-	-
Dato' Wong King Kheng	4,800,000	0.23	-	-	4,800,000	0.25	-	-
Dato' Tan Shih Leng	2,330,000	0.11	-	-	2,330,000	0.12	-	-
Chang Wei Ming	130,000	0.01	-	-	130,000	0.01	-	-
Chan Boon Hui	-	-	-	-	-	-	-	-
Gouw Kim San *(Appointed on 16 December 2020)*	-	-	-	-	-	-	-	-

	As at LPD				After full implementation of the Proposed Share Buy-back			
	Direct		Indirect		Direct		Indirect	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
YKY Investments Ltd	1,515,833,052	72.09	-	-	1,515,833,052	79.50	-	-
Yong Yoon Kiong*	-	-	1,515,833,052	72.09	-	-	1,515,833,052	79.50
Liew Wan*	-	-	1,515,833,052	72.09	-	-	1,515,833,052	79.50
Jeremy Yong Wei Quan*	-	-	1,515,833,052	72.09	-	-	1,515,833,052	79.50
Cheryl Yong Sunn Sunn*	-	-	1,515,833,052	72.09	-	-	1,515,833,052	79.50

Note:

** Deemed interested by virtue of his/her interest in YKY Investments Ltd.*

Maximum scenario: Assuming that all the ESOS Options are fully exercised as at LPD and the Proposed Share Buy-back is implemented in full.

Directors	As at LPD				After full exercise of ESOS Options (I)				After (I) and full implementation of the Proposed Share Buy-back			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dr. Rozali Bin Mohamed Ali	1,750,000	0.08	-	-	2,000,000	0.09	-	-	2,000,000	0.10	-	-
Goh Chye Kang	-	-	-	-	1,000,000	0.05	-	-	1,000,000	0.05	-	-
Dato' Wong King Kheng	4,800,000	0.23	-	-	5,800,000	0.27	-	-	5,800,000	0.29	-	-
Dato' Tan Shih Leng	2,330,000	0.11	-	-	3,000,000	0.14	-	-	3,000,000	0.15	-	-
Chang Wei Ming	130,000	0.01	-	-	300,000	0.01	-	-	300,000	0.02	-	-
Chan Boon Hui	-	-	-	-	250,000	0.01	-	-	250,000	0.01	-	-
Gouw Kim San *(Appointed on 16 December 2020)*	-	-	-	-	-	-	-	-	-	-	-	-

Substantial Shareholders	As at LPD				After full exercise of ESOS Options (I)				After (I) and full implementation of the Proposed Share Buy-back			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
YKY Investments Ltd	1,515,833,052	72.09	-	-	1,515,833,052	69.86	-	-	1,515,833,052	77.06	-	-
Yong Yoon Kiong*	-	-	1,515,833,052	72.09	-	-	1,515,833,052	69.86	-	-	1,515,833,052	77.06
Liew Wan*	-	-	1,515,833,052	72.09	-	-	1,515,833,052	69.86	-	-	1,515,833,052	77.06
Jeremy Yong Wei Quan*	-	-	1,515,833,052	72.09	-	-	1,515,833,052	69.86	-	-	1,515,833,052	77.06
Cheryl Yong Sunn Sunn*	-	-	1,515,833,052	72.09	-	-	1,515,833,052	69.86	-	-	1,515,833,052	77.06

Note:

** Deemed interested by virtue of his/her interest in YKY Investments Ltd.*

SHARE BUY-BACK STATEMENT
cont'd

5. PUBLIC SHAREHOLDING SPREAD

The Proposed Share Buy-back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% public shareholding spread as required under Paragraph 8.02(1) of the Listing Requirements.

Based on the Company's Record of Depositors as at LPD, the public shareholding spread of the Company was 27.45%. In implementing the Proposed Renewal of Authority for Share Buy-back, the Board is mindful of the compliance with public shareholding spread as required by the Listing Requirements and will use its best endeavours when purchasing its own Shares to such extent that it will not result in the Company being in breach of the minimum public shareholding spread of 25%.

6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

Advantages

(i) The Proposed Share Buy-back provides the opportunity for the Company to stabilise the supply and demand of JCY Shares in the open market, thereby reducing the volatility of Shares and allowing the price of JCY Shares to better reflect its fundamental value.

(ii) The Proposed Share Buy-back is expected to enhance the EPS and the return on equity in the event of cancellation of the Shares bought back by the Company which will benefit its shareholders.

(iii) The Purchased Shares can be held as treasury shares and resold in accordance with the Listing Requirements on the Bursa Malaysia Securities at a higher price with the intention of realising a potential gain without affecting the total number of issued shares of JCY.

(iv) In the event the treasury shares are distributed as share dividends to shareholders, this would serve as a reward to the shareholders of the Company. The Purchased Shares can also be transferred to employees of the Group for the purposes of the employees' share scheme established by the Company.

Disadvantages

(i) The Proposed Share Buy-back, if implemented, would reduce the financial resources of the Group, which may result in the Group having to forgo other feasible investment opportunities that may emerge in the future or deprive the Group of the interest income that can be earned from deposits with licensed financial institution.

(ii) The Proposed Share Buy-back would also reduce the amount of resources available for distribution in the form of dividends to shareholders in the future.

However, the financial resources of the Group may increase if the Purchased Shares held as treasury shares are resold in the market at prices higher than the purchase price.

Notwithstanding that, the Board will be mindful of the interests of the Company and its shareholders when undertaking the Proposed Share Buy-back and in the subsequent resale of treasury shares on Bursa Malaysia Securities. Hence, the Proposed Share Buy-back is not expected to have any potential material disadvantage to the Company and the shareholders.

7. IMPLICATION OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK IN RELATION TO THE RULES

Pursuant to the Rules, a person of a group of persons acting in concert will be required to make a mandatory general offer if his/their stake(s) in the Company is/are increased to beyond 33% of its total number of issued shares or if his/their existing shareholding(s) is/are more than 33% but less than 50% and it exceeds by another 2% in any six (6) months' period.

SHARE BUY-BACK STATEMENT
cont'd

In the event that the share buy-back exercise results in the shareholdings of any of the above parties being affected, the said person or group of persons acting in concert will be obliged to make a mandatory general offer for the remaining JCY Shares not held by him/them. However, an exemption from a mandatory offer obligation may be granted by Securities Commission Malaysia under the Rules, subject to the affected person and the parties acting in concert complying with certain conditions, if the obligation is triggered as a result of action outside their direct participation.

As it is not intended for the share buy-back exercise to trigger the obligation to undertake a mandatory general offer by any of its Substantial Shareholders and/or parties acting in concert with them, the Directors of the Company will ensure that only such number of shares are purchased, retained as treasury shares, cancelled or distributed such that the Rules will not be triggered.

8. PURCHASE, RESALE AND CANCELLATION OF PURCHASED SHARES MADE IN THE PAST TWELVE (12) MONTHS

The Company has not made any purchase or cancellation of its Shares or resale of treasury shares since it obtained the shareholders' mandate at the Fourteenth AGM held on 25 February 2020 up to the date of this Statement. As at LPD, the total number of Shares retained as treasury shares was 15,946,700.

9. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of JCY Shares as traded on the Main Market of Bursa Malaysia Securities for the last twelve (12) months from January 2020 to December 2020 are as follows:

2020	Highest (RM)	Lowest (RM)
January	0.350	0.300
February	0.335	0.275
March	0.285	0.135
April	0.275	0.190
May	0.320	0.265
June	0.320	0.280
July	0.520	0.300
August	0.775	0.550
September	0.795	0.670
October	0.765	0.620
November	0.735	0.615
December	0.645	0.490

The last transacted price of JCY Shares on the LPD was RM0.530.

(Source: Investing.com)

10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save for the proportionate increase in the percentage of shareholdings including, amongst others, the voting rights of the shareholders of the Company as a result of the Proposed Share Buy-back, none of the Directors and/or Substantial Shareholders of the Company and/or persons connected with them have any interest, whether direct or indirect in the Proposed Renewal of Authority for Share Buy-back.

SHARE BUY-BACK STATEMENT
cont'd

11. APPROVAL REQUIRED

The Proposed Renewal of Authority for Share Buy-back is subject to the approval of the shareholders at the forthcoming 15th AGM of the Company.

12. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Renewal of Authority for Share Buy-back, is of the opinion that the Proposed Renewal of Authority for Share Buy-back is in the best interests of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution for the Proposed Renewal of Authority for Share Buy-back to be tabled at the forthcoming 15th AGM.

13. FURTHER INFORMATION

i. Directors' Responsibility Statement

This Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or information contained in this Statement, and there are no other facts and information the omission of which would make any statement in this Statement false or misleading.

ii. Material Litigations

As at 31 December 2020, being the latest practicable date of this Statement, neither the Company nor its subsidiary companies is engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Board is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or business of the Company and/or its subsidiaries.

iii. Material Contracts

There are no material contracts (including contracts not in writing), not being contracts in the ordinary course of business which have been entered into by the Company or its subsidiaries within two (2) years immediately preceding on the date of this Statement.

iv. Documents for Inspection

The following documents are available for inspection at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours (except public holidays) from the date of this Statement up to and including the date of the 15th AGM:-

(a) Company's Constitution; and

(b) The audited financial statements of the Company for the past two (2) financial years ended 30 September 2019 and 30 September 2020.

STATISTICS OF SHAREHOLDINGS
As at 31 December 2020

Number of Issued Share Capital	:	2,118,570,000 Ordinary Shares (including 15,946,700 treasury shares)
Voting Rights	:	One (1) vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%#	No. of Shares#	%#
1 – 99	14	0.07	337	0.00
100 – 1,000	1,862	9.22	1,333,003	0.06
1,001 – 10,000	10,324	51.09	62,346,808	2.97
10,001 – 100,000	7,177	35.52	232,869,200	11.08
100,001 – 105,131,164 (*)	828	4.10	290,590,900	13.82
105,131,164 and above (**)	1	0.00	1,515,483,052	72.08
TOTAL	**20,206**	**100.00**	**2,102,623,300**	**100.00**

Remarks:

* *Less than 5% of Issued Shares*
** *5% and above of Issued Shares*
# *After netting off 15,946,700 treasury shares held as at 31 December 2020.*

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of JCY International Berhad and their respective shareholdings based on the Register of Substantial Shareholders of JCY as at 31 December 2020 are as follows:-

	No. of Shares			
Substantial Shareholders	**Direct**	**%#**	**Indirect**	**%#**
YKY Investments Ltd	1,515,833,052	72.09	-	-
Yong Yoon Kiong*	-	-	1,515,833,052	72.09
Liew Wan*	-	-	1,515,833,052	72.09
Cheryl Yong Sunn Sunn*	-	-	1,515,833,052	72.09
Jeremy Yong Wei Quan*	-	-	1,515,833,052	72.09

Remarks:

* *Deemed interested by virtue of his/her interest in YKY Investments Ltd.*
# *After netting off 15,946,700 treasury shares held as at 31 December 2020*

STATISTICS OF SHAREHOLDINGS

As at 31 December 2020
cont'd

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of JCY as at 31 December 2020 are as follows:-

	Direct Interest		Indirect Interest	
Directors	No. of Shares	%	No. of Shares	%
Dr. Rozali Bin Mohamed Ali	1,750,000	0.08	-	-
Dato' Wong King Kheng	4,800,000	0.23	-	-
Goh Chye Kang	-	-	-	-
Dato' Tan Shih Leng	2,330,000	0.11	-	-
Chang Wei Ming	130,000	0.01	-	-
Chan Boon Hui	-	-	-	-
Gouw Kim San	-	-	-	-

THIRTY LARGEST SECURITIES ACCOUNT HODLERS BASED ON RECORD OF DEPOSITORS AS AT 31 DECEMBER 2020

(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares	%
1.	CITIGROUP NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR UBS AG HONG KONG (FOREIGN)*	1,515,483,052	72.08
2.	AMANAHRAYA TRUSTEES BERHAD *PMB SHARIAH AGGRESSIVE FUND*	12,000,000	0.57
3.	AMANAHRAYA TRUSTEES BERHAD *PMB SHARIAH GROWTH FUND*	6,500,000	0.31
4.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. *KHO CHAI YAM*	5,800,000	0.28
5.	HSBC NOMINEES (ASING) SDN. BHD. *CREDIT SUISSE (HONG KONG) LIMITED*	4,970,000	0.24
6.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *CIMB BANK FOR DATO' WONG KING KHENG (PB)*	4,800,000	0.23
7.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR KAM SOO LOON (E-PPG)*	4,000,000	0.19
8.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	3,692,300	0.18
9.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR SEOW LIEW WEE*	3,310,000	0.16
10.	HLIB NOMINEES (TEMPATAN) SDN. BHD. *HONG LEONG BANK BHD FOR KANG SIOW YONG*	3,250,000	0.15
11.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHANG FOK CHIN*	3,080,000	0.15
12.	YEE CHIN CHIN	3,010,000	0.14
13.	TAN ENG @ TAN CHIN HUAT	3,000,000	0.14
14.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN. BHD. *CIMB ISLAMIC TRUSTEE BERHAD FOR PMB SHARIAH SMALL-CAP FUND*	2,914,200	0.14

STATISTICS OF SHAREHOLDINGS

As at 31 December 2020
cont'd

THIRTY LARGEST SECURITIES ACCOUNT HODLERS BASED ON RECORD OF DEPOSITORS AS AT 31 DECEMBER 2020 *cont'd*
(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares	%
15.	CGS-CIMB NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)*	2,822,500	0.13
16.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *CIMB FOR CHOW CHONG CHEK (PB)*	2,800,000	0.13
17.	HSBC NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)*	2,560,000	0.12
18.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *CIMB FOR DATO' TAN SHIH LENG (PB)*	2,330,000	0.11
19.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR WONG ENGINEERING CORPORATION BERHAD*	2,300,000	0.11
20.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. *CIMB ISLAMIC TRUSTEE BERHAD FOR PMB SHARIAH MID-CAP FUND*	2,033,000	0.10
21.	ZAIANUDDIN BIN MOHAMED	1,800,000	0.09
22.	DR. ROZALI BIN MOHAMED ALI	1,750,000	0.08
23.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR KHO CHAI YAM*	1,650,000	0.08
24.	TAN CHOO MIT	1,637,000	0.08
25.	MAYBANK INVESTMENT BANK BERHAD	1,600,000	0.08
26.	RHB INVESTMENT BANK BERHAD	1,560,400	0.07
27.	BONG SEA POH	1,461,700	0.07
28.	RONIE TAN CHOO SENG	1,250,000	0.06
29.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR NG YOU CHOON*	1,205,000	0.06
30.	ER EE @ ER CHIN HER	1,188,100	0.06
	TOTAL	**1,605,757,252**	**76.39**

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting ("**15th AGM**") of the Company will be held on a fully virtual basis at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Thursday, 25 February 2021 at 2:00 p.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 September 2020 together with the Reports of the Directors and the Auditors thereon. ***(Please refer to Explanatory Note 1)***

2. To approve the payment of Directors' fees amounting to RM750,000.00 for the financial year ended 30 September 2020. ***(Resolution 1)***

3. To approve the payment of Directors' benefits of up to RM300,000.00 from 26 February 2021 until the next Annual General Meeting of the Company. ***(Resolution 2)***

4. To re-elect the following Directors who are due to retire pursuant to Clause 113 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (a) Mr. Goh Chye Kang; and ***(Resolution 3)***
   (b) YBhg. Dato' Tan Shih Leng. ***(Resolution 4)***

5. To re-elect Mr. Gouw Kim San who is due to retire pursuant to Clause 112 of the Company's Constitution and being eligible, has offered himself for re-election. ***(Resolution 5)***

6. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. ***(Resolution 6)***

As Special Business

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

7. **ORDINARY RESOLUTION 1 -**

   APPROVAL TO CONTINUE IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE CHAIRMAN ***(Resolution 7)***

   "**THAT** Dr. Rozali Bin Mohamed Ali, who has served as an Independent Non-Executive Chairman of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Chairman of the Company in accordance with the Malaysian Code of Corporate Governance."

8. **ORDINARY RESOLUTION 2 -**

   APPROVAL TO CONTINUE IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR ***(Resolution 8)***

   "**THAT** Mr. Chang Wei Ming, 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 the Senior Independent Non-Executive Director of the Company in accordance with the Malaysian Code of Corporate Governance."

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING
cont'd

9. **ORDINARY RESOLUTION 3 -**

APPROVAL TO CONTINUE IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR ***(Resolution 9)***

"**THAT** Mr. Chan Boon Hui, 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 in accordance with the Malaysian Code of Corporate Governance."

10. **ORDINARY RESOLUTION 4 -**

AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO THE COMPANIES ACT 2016 ***(Resolution 10)***

"**THAT** subject always to the Companies Act 2016 ("**the Ac**t"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") and any other relevant governmental and/or regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby authorised and empowered pursuant to the Act, to issue and allot shares in the Company, at any time, at such price, 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 10% of the total number of issued shares of the Company for the time being;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities; **AND FURTHER 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."

11. **ORDINARY RESOLUTION 5 -**

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY) ***(Resolution 11)***

"**THAT**, subject always to the Companies Act 2016 ("**the Act**"), the provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:-

(i) the aggregate number of ordinary shares to be purchased and/or held by the Company does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Malaysia Securities as at the point of purchase; and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING
cont'd

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:-

(i) cancel all the shares so purchased; and/or

(ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Malaysia Securities; and/or

(iii) retain part thereof as treasury shares and cancel the remainder; and/or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Malaysia Securities and any other relevant authority for the time being in force.

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the best interest of the Company."

12. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

CHUA SIEW CHUAN
(SSM PC NO. 201908002648)
(MAICSA 0777689)
Company Secretary

Kuala Lumpur
Dated: 26 January 2021

Explanatory Notes:-

1. Item 1 of the Agenda – Audited Financial Statements

This Agenda item is meant for discussion only, as Section 340(1)(a) of the Companies Act 2016 does not require approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item will not be put forward for voting.

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING
cont'd

2. Items 7 to 9 of the Agenda – Approval to continue in office as Independent Non-Executive Director

(i) Dr. Rozali Bin Mohamed Ali

The Board had assessed the independence of Dr. Rozali Bin Mohamed Ali and is satisfied that he will continue to bring independent views to the Board and safeguard the minority interest of the Company. The Board believes his leadership quality, and his knowledge and experiences in the industry will continue to contribute positively to the Board and Board Committees in an objective manner.

(ii) Mr. Chan Boon Hui

The Board had assessed the independence of Mr. Chan Boon Hui and is satisfied that he will continue to bring independent views to the Board and safeguard the minority interest of the Company. The Board believes his leadership quality, and his knowledge and experiences in the industry will continue to contribute positively to the Board and Board Committees in an objective manner.

(iii) Mr. Chang Wei Ming

The Board had assessed the independence of Mr. Chang Wei Ming and is satisfied that he will continue to bring independent views to the Board and safeguard the minority interest of the Company. The Board believes his leadership quality, and his knowledge and experiences in the industry will continue to contribute positively to the Board and Board Committees in an objective manner.

3. Item 10 of the Agenda – Authority to issue and allot shares pursuant to the Companies Act 2016

The Company wishes to renew the mandate on the authority to issue and allot shares pursuant to the Companies Act 2016 at the Fifteenth Annual General Meeting of the Company.

*The Company had been granted a general mandate by its shareholders at the Fourteenth Annual General Meeting of the Company held on 25 February 2020 (hereinafter referred to as the "**Previous Mandate**").*

As at the date of this Notice, the Company has not issued any new ordinary shares pursuant to the Previous Mandate granted by the shareholders and hence, no proceeds were raised therefrom.

The proposed resolution, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund raising activities, including but not limited to placement of shares, for the purpose of funding Company's future investment projects, working capital, acquisitions and/or such other purposes as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of the shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

4. Item 11 of the Agenda – Proposed renewal of authority for the Company to purchase its own shares

The proposed resolution, if passed, will allow the Company to purchase its own shares up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not be exceed the retained profits of the Company.

Notes:-

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 February 2021 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.*

2. *A member entitled to attend and vote at a general meeting of the Company shall be entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies to attend and vote in relation to a general meeting, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.*

3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company.*

5. *The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., 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 for holding the Meeting or at any adjournment thereof. Alternatively, the Form of Proxy may be submitted electronically via Securities Services e-Portal at https://sshsb.net.my/ before the proxy form submission cut-off time. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide for the 15th AGM for further details.*

   Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at https://sshsb.net.my/ by registration cut-off time and date. Please refer to the Administrative Guide for the 15th AGM for further details.

ADMINISTRATIVE GUIDE

SECURITIES SERVICES e-PORTAL

WHAT IS Securities Services e-Portal?

Securities Services e-Portal is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to -

- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings

(referred to as "**e-Services**")

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by JCY International Berhad and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal.**

REQUIRE ASSISTANCE?

Please contact Mr Wong Piang Yoong (DID: +603 2084 9168) or Mr. Jerry Tan Hor Seng (DID: +603 2084 9165) or Ms. Lee Siew Fun (DID: +603 2084 9127) or our general line (DID: +603 2084 9000) to request for e-Services Assistance during our office hours, on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. Alternatively, you may email us at eservices@sshsb.com.my.

BEFORE THE MEETING

(A) Register as a User of Securities Services e-Portal
Only if you are not an existing registered user

(B) Register for Remote Participation
Where you wish to participate remotely at the meeting

OR

(C) Submit e-Proxy Form
Where you wish to appoint proxy(ies) to participate remotely on your behalf (you may also submit the hard copy Proxy Form)

ON THE DAY OF THE MEETING

(D) Join the Live Stream Meeting (eLive)

AND

(E) Vote Online Remotely during the Meeting (eVoting)

ADMINISTRATIVE GUIDE
cont'd

BEFORE THE MEETING

(A) Register as a User of Securities Services e-Portal

Step 1 Visit https://sshsb.net.my/login.aspx Step 2 Register as a user Step 3 Wait for our notification email that will be sent within one (1) working day Step 4 Verify your user account within seven (7) days of the notification email and log in	• **This is a ONE-TIME registration.** If you are already a registered user of **Securities Services e-Portal**, you need not register again. • Your email address is your User ID.

ALL SHAREHOLDERS MUST REGISTER AS A USER BY 19 FEBRUARY 2021, AS ONE (1) WORKING DAY IS REQUIRED TO PROCESS ALL PORTAL USER REGISTRATIONS.

(B) Register for Remote Participation

Meeting Date and Time	Registration for Remote Participation Closing Date and Time
Thursday, 25 February 2021 at 2:00 p.m.	Tuesday, 23 February 2021 at 2:00 p.m.

- Log in to https://sshsb.net.my/login.aspx with your registered email and password
- Look for **JCY International Berhad** under Company Name and **15th AGM on 25 February 2021 at 2:00 p.m. – Registration for Remote Participation** under Corporate Exercise / Event and click "**>**" to register for remote participation at the meeting.

Step 1 Check if you are attending as –

- Individual shareholder
- Corporate or authorised representative of a body corporate

  For body corporates, the appointed corporate/authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.

Step 2 Submit your registration.

- A copy of your e-Registration for remote participation can be accessed via **My Records** (refer to the left navigation panel).
- Your registration will apply to all the **CDS account(s)** of each individual shareholder / body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.
- As the meeting will be conducted on a fully virtual basis and only the Chairman and other essential individuals will be present at the broadcast venue, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.

(C) Submit e-Proxy Form

Meeting Date and Time	Proxy Form Submission Closing Date and Time
Thursday, 25 February 2021 at 2:00 p.m.	Tuesday, 23 February 2021 at 2:00 p.m.

- Log in to https://sshsb.net.my/login.aspx with your registered email and password
- Look for **JCY International Berhad** under Company Name and **15th AGM on 25 February 2021 at 2:00 p.m. – Submission of Proxy Form** under Corporate Exercise / Event and click "**>**" to submit your proxy forms online for the meeting by the submission closing date and time above.

Step 1 Check if you are submitting the proxy form as –

- Individual shareholder
- Corporate or authorised representative of a body corporate

  For body corporates, the appointed corporate/authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy

ADMINISTRATIVE GUIDE
cont'd

form submission closing date and time above .

Step 2 Enter your CDS account number or the body corporate's CDS account number and corresponding number of securities. Then enter the information of your proxy(ies) and the securities to be represented by your proxy(ies).
You are strongly encouraged to appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.

Step 3 Proceed to indicate how your votes are to be casted against each resolution.

Step 4 Review and confirm your proxy form details before submission.

- A copy of your submitted e-Proxy Form can be accessed via **My Records** (refer to the left navigation panel).
- You need to submit your e-Proxy Form for **every CDS account(s)** you have or represent.

PROXIES

All appointed proxies need not register for remote participation under (B) above but if they are not registered Users of the e-Portal, they will **need to register as Users** of the e-Portal under (A) above by **19 February 2021**. **PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY.** Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a fully virtual basis.

ON THE DAY OF THE MEETING

Log in to https://sshsb.net.my/login.aspx with your registered email and password

(D) Join the Live Stream Meeting (eLive)

Meeting Date and Time	eLive Access Date and Time
Thursday, 25 February 2021 at 2:00 p.m.	Thursday, 25 February 2021 at 1:30 p.m.

- Look for **JCY International Berhad** under Company Name and **15th AGM on 25 February 2021 at 2:00 p.m. – Live Stream Meeting** under Corporate Exercise / Event and click "**>**" to join the meeting.

- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman/Board/Management/relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

(E) Vote Online Remotely during the Meeting (eVoting)

Meeting Date and Time	eVoting Access Date and Time
Thursday, 25 February 2021 at 2:00 p.m.	Thursday, 25 February 2021 at 2:00 p.m.

- If you are already accessing the Live Stream Meeting, click **Proceed to Vote** under the live stream player.
OR
- If are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for **JCY International Berhad** under Company Name and **15th AGM on 25 February 2021 at 2:00 p.m. – Remote Voting** under Corporate Exercise / Event and click "**>**" to remotely cast and submit the votes online for the resolutions tabled at the meeting.

Step 1 Cast your votes by clicking on the radio buttons against each resolution.

Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual shareholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the proxy form.
- The access to eVoting will close as directed by the Chairman of the meeting.
- A copy of your submitted e-Voting can be accessed via **My Records** (refer to the left navigation panel).

JCY International Berhad
[Registration No.: 200501031285 (713422-X)]
(Incorporated in Malaysia)

FORM OF PROXY

Number of ordinary shares held	CDS Account No.

*I/We (full name), ____________________

bearing *NRIC No./Passport No./Registration No. ____________________

of (full address) ____________________

being a *member/members of JCY International Berhad ("**the Company**") hereby appoint:-

First Proxy "A"

Full Name	**NRIC/Passport No.**	**Proportion of Shareholdings Represented**	
		No. of Shares	**%**
Full Address			

and/or failing *him/her,

Second Proxy "B"

Full Name	**NRIC/Passport No.**	**Proportion of Shareholdings Represented**	
		No. of Shares	**%**
Full Address			
			100%

or failing *him/her, the *Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Fifteenth Annual General Meeting of the Company to be held on a fully virtual basis at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Thursday, 25 February 2021 at 2:00 p.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Item No.	Agenda
1.	To receive the Audited Financial Statements for the financial year ended 30 September 2020 together with the Reports of the Directors and the Auditors thereon.

Item No.	Agenda	Resolution	For	Against
2.	To approve the payment of Directors' fees of RM750,000.00 for the financial year ended 30 September 2020.	1		
3.	To approve the payment of Directors' benefits of up to RM 300,000.00.	2		
4.	To re-elect Mr. Goh Chye Kang who is due to retire pursuant to Clause 113 of the Company's Constitution.	3		
5.	To re-elect YBhg. Dato' Tan Shih Leng who due is to retire pursuant to Clause 113 of the Company's Constitution.	4		
6.	To re-elect Mr. Gouw Kim San who is due to retire pursuant to Clause 112 of the Company's Constitution.	5		
7.	To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.	6		
Special Business				
8.	**Ordinary Resolution 1** To approve Dr. Rozali Bin Mohamed Ali to continue in office as an Independent Non-Executive Chairman of the Company.	7		
9.	**Ordinary Resolution 2** To approve Mr. Chang Wei Ming to continue in office as an Independent Non-Executive Director of the Company.	8		
10.	**Ordinary Resolution 3** To approve Mr. Chan Boon Hui to continue in office as an Independent Non-Executive Director of the Company.	9		
11.	**Ordinary Resolution 4** Authority to issue and allot shares pursuant to the Companies Act 2016.	10		
12.	**Ordinary Resolution 5** Proposed renewal of authority for the Company to purchase its own shares.	11		

As witness my/our hand(s) this day ________ of ____________________ 2021.

____
*Signature/Common Seal of Member

** Strike out whichever not applicable.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
JCY International Berhad
(Registration No. 200501031285 (713422-X))

C/O Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

1st fold here

Notes:-

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 February 2021 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.*

2. *A member entitled to attend and vote at a general meeting of the Company shall be entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies to attend and vote in relation to a general meeting, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.*

3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company.*

5. *The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., 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 for holding the Meeting or at any adjournment thereof. Alternatively, the Form of Proxy may be submitted electronically via Securities Services e-Portal at https://sshsb.net.my/ before the proxy form submission cut-off time. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide for the 15th AGM for further details.*

   Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at https://sshsb.net.my/ by registration cut-off time and date. Please refer to the Administrative Guide for the 15th AGM for further details.

www.jcyinternational.com

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81100 Johor Bahru
Johor Darul Takzim, Malaysia

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