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

ANNUAL REPORT 2021

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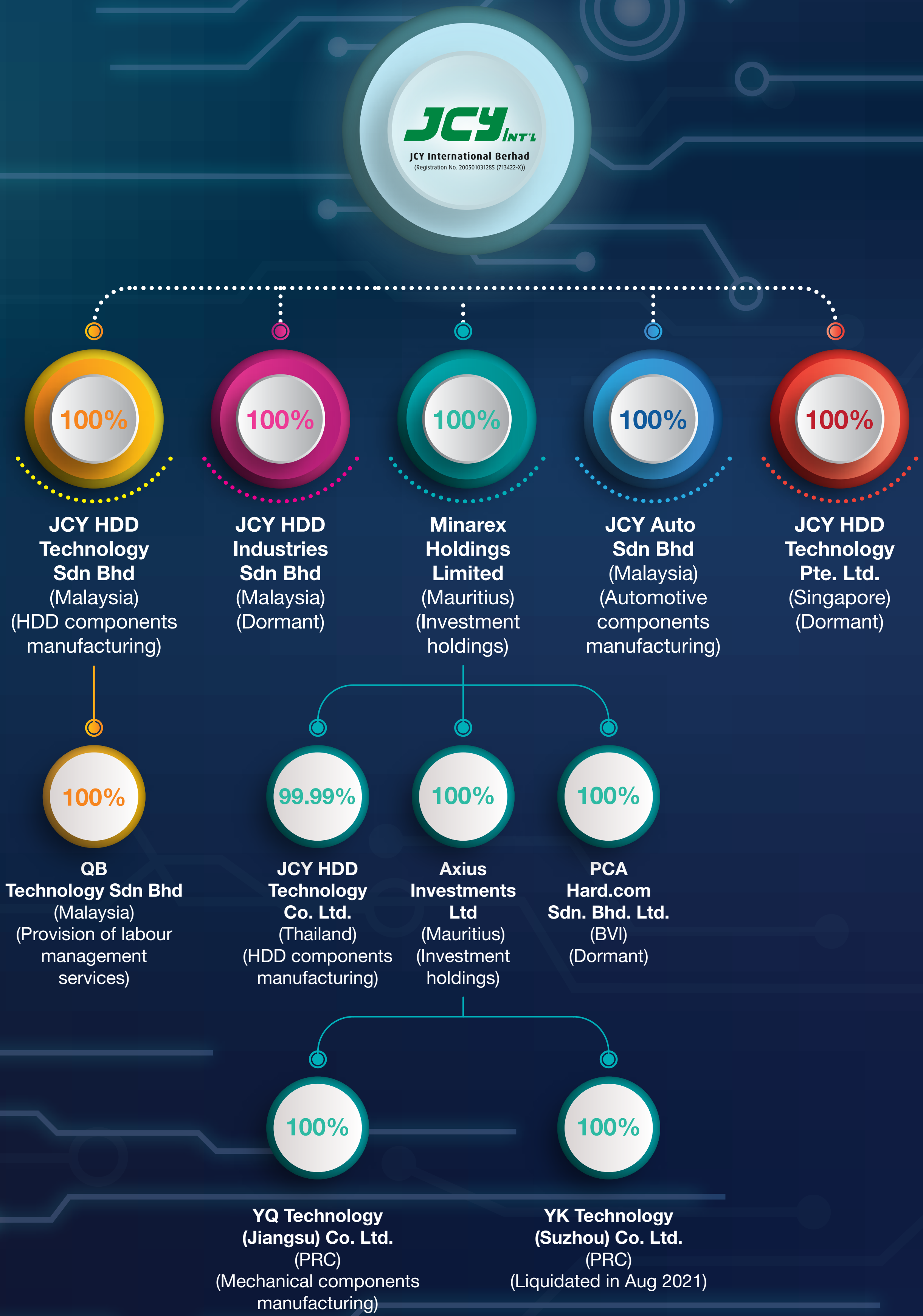
FINANCIAL STATEMENTS

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dato' Wong King Kheng
(Executive Director)

Mr. Goh Chye Kang
(Executive Director)

Dato' Tan Shih Leng
(Executive Director)

Mr. Gouw Kim San
(Executive Director cum Chief Operating Officer)

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)

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

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

REMUNERATION COMMITTEE

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

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

Mr. Chan Boon Hui
(Senior 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. Gouw Kim San
(Executive Director cum Chief Operating Officer)

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

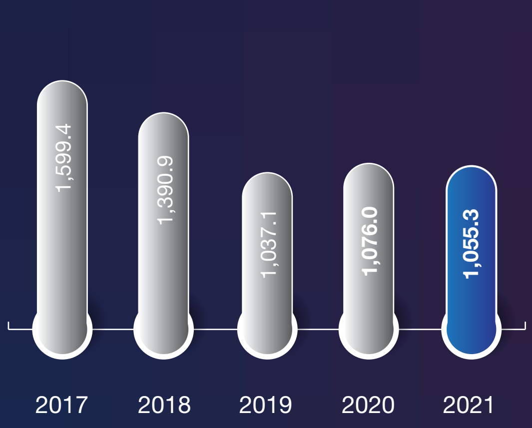
FINANCIAL HIGHLIGHTS

Description	2017 RM Million	2018 RM Million	2019 RM Million	2020 RM Million	2021 RM Million
Revenue	1,599.4	1,390.9	1,037.1	1,076.0	1,055.3
(Loss) / Profit Before Taxation	46.1	(131.2)	(67.8)	38.3	(34.7)
(Loss) / Profit After Taxation	40.9	(112.1)	(54.2)	26.1	(35.4)
(Loss) / Profit Attributable to Shareholders	40.9	(112.1)	(54.2)	26.1	(35.4)
Share Capital	536.7	536.7	536.7	544.9	549.1
Reserves	552.1	407.1	352.0	378.2	319.1
Shareholders' Fund	**1,088.8**	**943.8**	**888.7**	**923.1**	**868.2**
Current Liabilities	271.7	223.7	183.6	208.7	272.3
Non-Current Liabilities	41.6	18.0	6.3	22.9	18.5
Total Liabilities	**313.4**	**241.7**	**189.9**	**231.6**	**290.8**
Property, Plant and Equipment	510.1	393.4	278.5	322.7	325.6
Land Use Rights / Right of Use Assets	27.7	26.9	25.1	29.7	29.3
Other Non-current Assets	4.5	1.7	1.8	5.0	6.5
Current Assets	859.9	763.5	773.2	797.3	797.6
Total Assets	**1,402.2**	**1,185.5**	**1,078.6**	**1,151.9**	**1,159.0**
Net Assets Per Share (Sen)	52.8	45.8	43.1	44.1	41.1
Net Earnings Per Share (Sen)	2.0	(5.4)	(2.6)	1.3	(1.7)
Dividend Against Net Earnings	188.7%	N/M	N/M	0.0%	N/M
Dividend Amount*	77.3	10.3	10.3	-	-

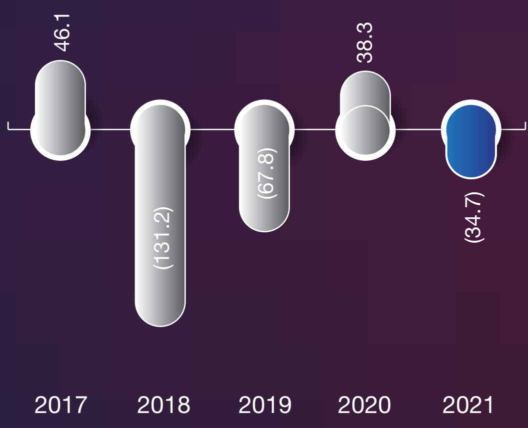
* *inclusive of dividend declared and recognised after end of the financial year for the financial year*

FINANCIAL HIGHLIGHTS
cont'd

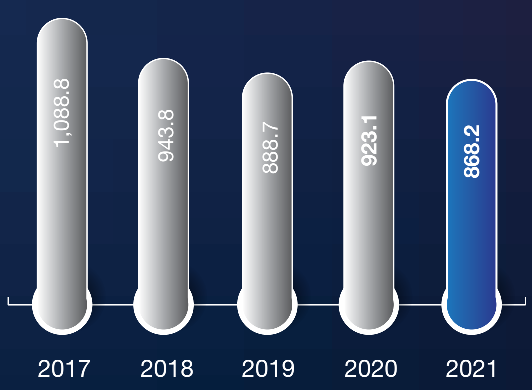
REVENUE
(RM Million)



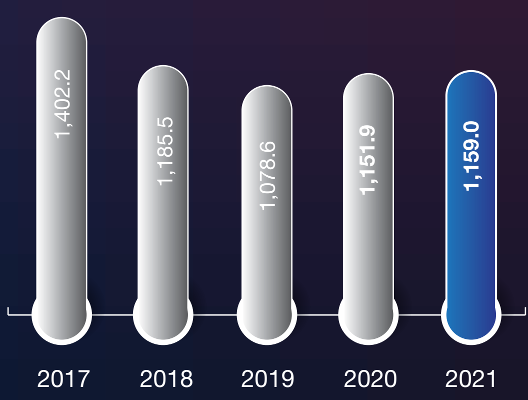
(LOSS)/PROFIT BEFORE TAXATION
(RM Million)



SHAREHOLDERS' FUND
(RM Million)



TOTAL ASSETS
(RM Million)



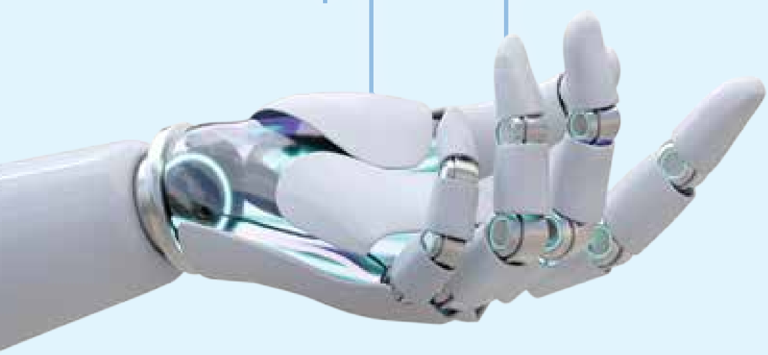
MANAGEMENT DISCUSSION & ANALYSIS

MISSION

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

VISION

To be a Supplier of Choice through Excellence.



BUSINESS REVIEW

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.

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 2021 ("**FYE2021**"), the Group recorded a revenue of RM1,055,250,000. This represents a reduction of 1.9% compared to the revenue of RM1,075,983,000 recorded in the preceding financial year ended 30 September 2020 ("**FYE2020**").

In FYE2021, the Group shipped 3.4% lesser units of products to its customers compared to the shipments achieved in FYE2020. The reduction was due mainly to the Realignment of Customer Base as discussed in the Operation Review section below.

Gross Profit

The Group recorded a gross loss of RM14,489,000 in FYE2021, compared to the gross profit of RM41,843,000 for FYE2020. This deterioration was due mainly to:-

1) Realignment of Customer Base
2) The Global COVID-19 Pandemic ("**COVID-19 Pandemic**")

Both factors are discussed in detail at the Operation Review sections below.

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 FYE2021, these amounted to RM42,780,000 (FYE2020: RM40,761,000) which included a one-time gain of RM36,746,000 on liquidation and deconsolidation of an indirect wholly owned subsidiary in China. The gain was contributed by reclassifying the accumulated translation reserve of the liquidated foreign subsidiary to income statement during the year. This gain had no impact on the net assets and net equity of the Group.

- **General and Administrative Expenses** are generally non-operational costs which are incurred to maintain the supporting services of the Group. These expenses stood at RM43,645,000 in FYE2021 (FYE2020: RM42,023,000). A net exchange loss of RM10,349,000 (FYE2020: RM11,215,000) was also included in this category. The higher general and administrative expenses in FYE2021 was due mainly to compliance and vaccination costs relating to the COVID-19 Pandemic.

- **Other operating expenses** of RM17,499,000 in FYE2021 (FYE2020: nil) relates to the provision of compliance cost for the Responsible Business Alliance ("**RBA**") Code of Conduct and write down of plant and equipment held for sales.

- **Finance Cost** of RM1,873,000 (FYE2020: RM2,292,000) included the cost of bank borrowings, interest on lease liabilities and miscellaneous bank charges. The largest component of Finance Cost, arose from short term bank borrowings which stood at RM1,205,000 in FYE2021 (FYE2020: RM1,766,000). The lower interest expense in FYE2021 was due mainly to lower interest rates, despite the increasing bank borrowings. Interest expense arising from lease liabilities amounted to RM271,000 in FYE2021 (FYE2020: RM250,000). Refer to Note 8 in the Audited Financial Statements for further details of the Finance Cost.

- **Taxation Expense** of RM645,000 was recorded in FYE2021 (FYE2020: RM12,216,000). The tax expense recorded were due mainly to the movement of temporary tax differences and reversal of deferred tax assets in a subsidiary and non-taxable gain arising from the gain of liquidation of a subsidiary. Refer to Note 9 in the Audited Financial Statements for further information.

Statement of Financial Position

- **Retained Earnings** stood at RM295,661,000 for FYE2021 (FYE2020: RM330,646,000), this was due mainly to the net loss recorded during FYE2021. No dividend was paid in FYE2021 (FYE2020: RM10,305,000).

- **Cash and Bank Balances** stood at RM270,210,000 for FYE2021 (FYE2020: RM281,338,000). The decrease in cash and bank balances was due mainly to the capital expenditure during the year, despite an increase in drawdown of bank borrowings.

- **Short-term Borrowings** stood at RM96,038,000 for FYE2021 (FYE2020: RM62,740,000) due to drawdowns of borrowings to support investment on the Realignment of Customer Base, amid low interest offerings.

Statement of Cash Flows

- **Operating cash flow before working capital changes** recorded a negative cash flow of RM11,608,000 in FYE2021 (FYE2020: positive cash flow of RM53,851,000) due mainly to the loss before tax.

- **Net cash flow from operating activities** recorded a negative cash flow of RM5,046,000 in FYE2021 (FYE2020: negative cash flow of RM36,000) due mainly to the loss before tax and net cash in-flow recovered from receivables.

- **Net cash flow from investing activities** contributed a negative cash flow of RM49,117,000 in FYE2021 (FYE2020: positive cash flow of RM14,197,000) due mainly to capital expenditure, whereby the positive investing cash-flow in FYE2020 was due mainly to collection of proceeds from disposal of properties, plants and equipment.

- **Net cash flow financing activities** contributed a positive cash flow of RM35,018,000 in FYE2021 (FYE2020: positive cash flow of RM12,545,000) due mainly to drawdowns of bank borrowings and proceeds from issuance of new shares pursuant to exercise of Executives' Share Option Scheme (ESOS) shares.

Capital Expenditures

During FYE2021, the Group set aside RM52,053,000 (FYE2020: RM54,309,000) as capital expenditure mainly for the automation & modernisation of production capabilities and renewal of key plants and equipment.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

Gearing

As at the end of FYE2021, the Group's gearing ratio was approximately 0.6% (FYE2020: too low for interpretation). Refer to Note 36 to the Audited Financial Statements for further information on gearing.

Financial Prospects

The following factors may cause material impact on the Group's financial performance for the financial year ending 30 September 2022 ("**FYE2022**"):-

1. The global demand for HDD and rationalisation of supply chain in the HDD industry;
2. The exchange rate of the US Dollar ("**USD**") against the Malaysian Ringgit and Thai Baht;
3. Labour shortages and 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 discussion on the factors that may post significant impact on JCY's financial performance in FYE2022.

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 Management of the Group who regularly review their operational and financial performance.

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.

COVID-19 Pandemic

The COVID-19 Pandemic continued to be one of the biggest challenges for the Group's operations in FYE2021. The resulting measures of lockdowns and movement controls arising from the COVID-19 Pandemic, as well as the encouragement of working and studying from home was implemented in many countries across the world. This has changed the way businesses operate and how people collaborate, work and study. Demand for information technology products increased as people looked for 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.

In FYE2021, part of the Group's operations were affected by orders to reduce operational capacity by the authorities. Due to positive COVID-19 cases, some of the facilities of the Group were also ordered to cease operations temporarily. Despite that, the lockdowns and movement restrictions did not cause substantial interruption to the operations of the Group and Group's revenue was not materially affected. However, the Company incurred additional costs amid the COVID-19 Pandemic comprising:-

1) operational inefficiency costs, such as loss of productivity due to reduced operation level, facilities shut down temporarily as ordered by the relevant authorities, and workers being quarantined due to infection or close contact to infected persons;
2) compliance costs, such as costs in relation to compliance of Standard Operating Procedures as imposed by the authorities;
3) welfare costs, such as accommodation and food for affected workers; and
4) recovery costs, such as vaccination for the Company's workers.

Realignment of Customer Base

In our FYE2020 Management Discussion and Analysis Statement, the Management reported that one of the Group's major customers informed 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 FYE2020. The Management expected that this would have a negative impact on the Group's revenue, cost of production and possibly result in impairment provisions for FYE2021. At the same time the Management also reported a major realignment of our customer base for which the Group had committed a significant amount of capital and resources and was ramping up production for certain components, including a new range of products for these customers. The Management further reported that the Group was fully dedicated to achieving those targets which would have a positive impact on our financial results for FYE2021 and beyond.

The Management wishes to report that, with the extraordinary and excellent efforts from all levels of staff and workers, the Realignment had progressed smoothly and substantially completed in the last quarter of FYE2021. The Group is expected to garner new sources of revenue that would potentially exceed the revenue lost from the customer that had stopped purchases from the Group.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

Malaysian Operation

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 entered into a Business Sales Agreement ("**BSA**") with SDM Casting Precision Sdn. Bhd. ("**SDM**") to acquire SDM's business in the automotive industry in Malaysia, the Group also established a new subsidiary, JCY Auto Sdn. Bhd. ("**JCY Auto**") with the objective to enter into the automotive precision components industry in Malaysia. The acquisition of SDM's business is part of the Group's efforts to diversify its business into non-HDD related industry. The BSA had been completed in FYE2021 with the business to be injected to JCY Auto. The Management expects the new business to start contributing revenue in FYE2022.

The COVID-19 Pandemic has caused some degree of impacts to our operations in Malaysia, especially during the Movement Control Order ("**MCO**") and National Recovery Plan ("**NRP**") periods which were imposed periodically, during which all the Group's plants in Malaysia were required to operate at lower capacity.

The foreign workers policy, labour shortages and the arising issues of fair employment of workers are among the biggest challenges for our operations in Malaysia and this will be further discussed in the Risk Analysis section below.

Thailand Operation

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.

During FYE2021, especially the months from July to September 2021, Thailand had been affected by the COVID-19 Pandemic. Our operations in Thailand were also momentarily affected.

In FYE2021, the revenue and net result contributed by our Thailand operation were adversely affected by the stop purchases of one of the component products by a major customer. With the completion of the Realignment of Customer Base and improvement in operational yields, the Management expects the revenue and net result contributed by Thailand operation to improve in FYE2022.

People's Republic of China ("China")

In FYE2019, the Group established a subsidiary YQ Technology (Jiangsu) Co., Ltd ("**YQ Tech**"), in China. Despite the delay in ramping up the operations in YQ Tech due to the COVID-19 Pandemic, YQ Tech is expected to contribute more non-HDD revenue in FYE2022.

RISKS ANALYSIS

The Board of Directors and the Management understand the importance of risk management and the Management-level Enterprise Risk Management Committee was established to assist the Board 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. It is also noted that JCY is already qualified and shipping on some commodities, or is being qualified on other commodities, on platforms in the HDD industry, that are seeing year on year growth. JCY remains optimistic of the HDD industry. While the Management continues to improve the operational effectiveness and efficiencies to support the Group's success in the HDD industry, it will continue deploying resources to accommodate likely changes in the market.

While being committed to the HDD industry, the Management is also actively looking for opportunities to diversify into other related and new business activities. We will continue to grow and expand into the areas that we have already initiated.

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

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

Labour shortages, labour cost and fair employment risk

Labour shortages is one of the major challenges faced by the Group's operations, especially in Malaysia. The 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.

The Group remains committed to the Code of Conduct as promoted by the RBA. In FYE2021, the Group made a provision of approximately RM17 million for compliance costs for the RBA Code of Conduct.

The Management is mindful of the recent developments of the fair employment issues in Malaysia and across the globe. The Group is dedicated to ensuring fair employment for our workers and is working closely and diligently with our customers, partners and non-profit organisations to ensure compliance with the accepted standards and practices of fair employment.

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, and establishing taskforce with regular meetings to ensure the compliance with the labour regulations and fair employment that meet the industry's expectations. 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 35(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 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 and currencies exchange rates that may have significant impacts on the Group's reporting results in FYE2022.

Amid the COVID-19 Pandemic and the distortion of supplies and demands of many commodity materials, some of the raw material costs of the Group had increased substantially in FYE2021 and the high material costs are expected to bring a heavier burden on the cost of material consumption for the Group in FYE2022.

The large base of the Group's 8,100 workers and employees translates into a relatively higher risk of them contracting COVID-19, which may in turn cause interruptions to the Group's operations and adversely impact the Group's reporting revenue and results in FYE2022. 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.

The Management imposes strict protocols in all the Group's operation facilities to prevent the spread of the COVID-19 within the Group's facilities, including endeavours such as social distancing, prohibiting or discouraging meeting in person, reducing common physical contact areas, encouraging point-to-point travelling, requiring reporting of non-essential travelling, health declaration after travelling, sanitising facilities, and screening, contact tracking and isolation of those affected and potentially affected workers. Meanwhile, the Management had facilitated essentially all the workers to be fully vaccinated against the COVID-19 and will continue to provide facilitation to all the workers for additional booster vaccination.

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

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

FORWARD LOOKING STATEMENT

Principal Business Segment

The COVID-19 Pandemic had brought and is expected to continue bringing many challenges and uncertainties to the HDD business segment. The HDD unit shipments in the FYE2021 were on par with that of the shipments in FYE2020, amid the COVID-19 Pandemic. The global HDD total addressable market is expected to drop in FYE2022. However, with the recent completed Realignment of Customer Base, the Group's revenue is not expected to follow the downward trends of the HDD market proportionally. It is also noted JCY is already qualified and shipping or is being qualified on platforms in the HDD industry that are seeing year on year growth. JCY remains optimistic of the HDD industry.

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 and technology industry by increasing our market share within the supply chain and expanding our range of products to more customers within the digital storage industry.
- **Diversification** into other related and new industries, such as automotive and aerospace industries. We will continue to grow and expand into areas that we have already initiated.

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 FYE2021, 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 Management 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 behalf of the Board, the Management wishes to record our appreciation and gratitude to all 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 74, 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: 7/7

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 65, Singaporean, Male
Executive Director

Key Senior Management
Member of Enterprise Risk Management Committee

Board meeting attendance in the financial year: 7/7

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

Mr. Goh has more than 38 years of working experience in the components manufacturing industry, of which 30 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 69, 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: 7/7

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 the board of various public companies listed on the Singapore Exchange Securities Trading Limited as Independent Directors and is 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 Accountants, the Malaysian Institute of Accountants and the Australian Certified Practising Accountants.

DATO' TAN SHIH LENG
Aged 57, Malaysian, Male
Executive Director

Key Senior Management
Member of Enterprise Risk Management Committee

Board meeting attendance in the financial year: 7/7

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 resources, plant facilities, 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 an 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 56, Singaporean, Male
Executive Director cum Chief Operating Officer

Key Senior Management
Member of Enterprise Risk Management Committee

Board meeting attendance in the financial year: 6/6

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 the 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.

CHANG WEI MING
Aged 70, 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: 7/7

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 Member 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. The breach was in relation to the major shareholder's unresolved dispute with the auditors over a disclaimer of opinion audit qualification which resulted in the failure of the company to issue its annual report for the financial year ended 30 June 2018 on or before 31 October 2018.

PROFILE OF DIRECTORS AND KEY SENIOR MANAGEMENT
cont'd

CHAN BOON HUI
Aged 54, 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: 7/7

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 27 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

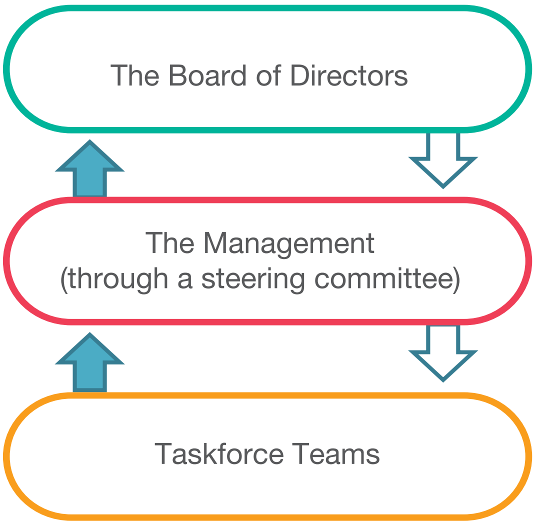
JCY recognises the increasing importance of the Economic, Environment & Social ("**EES**") influences that affect our operations. With this recognition, the Company and its subsidiaries ("**the Group**") has committed to not just utilising and maximising the values of the sustainability processes but to embed the essence of 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 influences affecting our operations. These measures are 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 Directors will then rely on the feedback 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 8,100 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.

SUSTAINABILITY STATEMENT
cont'd

(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.

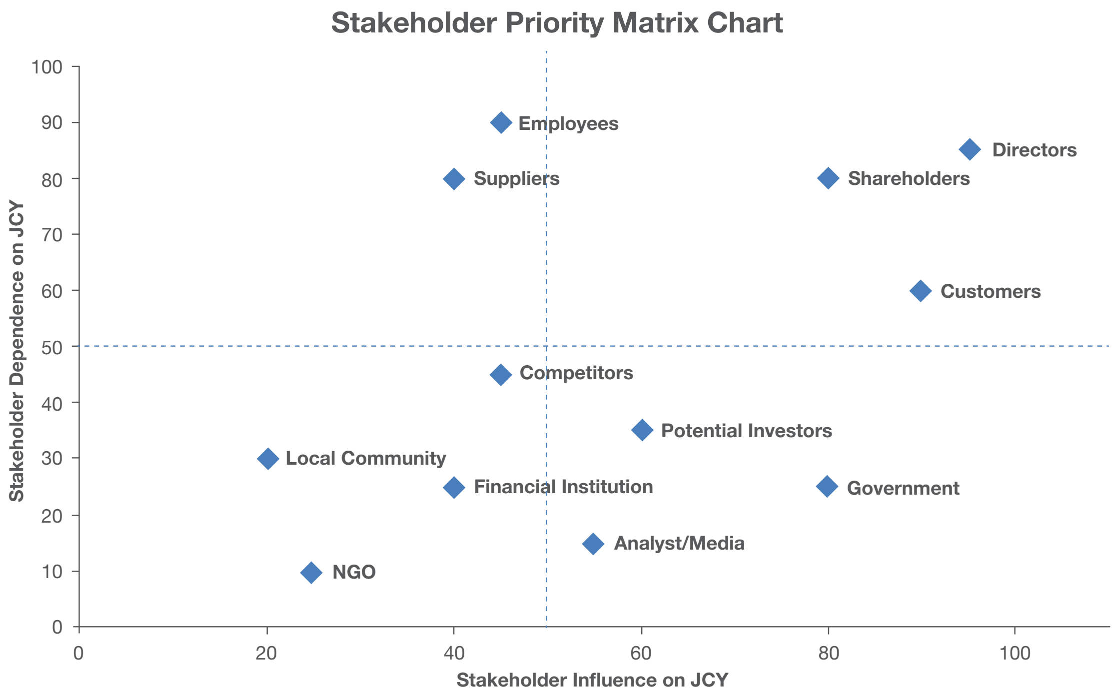
Notwithstanding that Corporate Governance forms an integrated part of the Sustainability Framework, the detailed framework and practices for Corporate Governance will be reported separately in the Corporate Governance Overview Statement of this Annual Report and this Sustainability Statement may cover 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

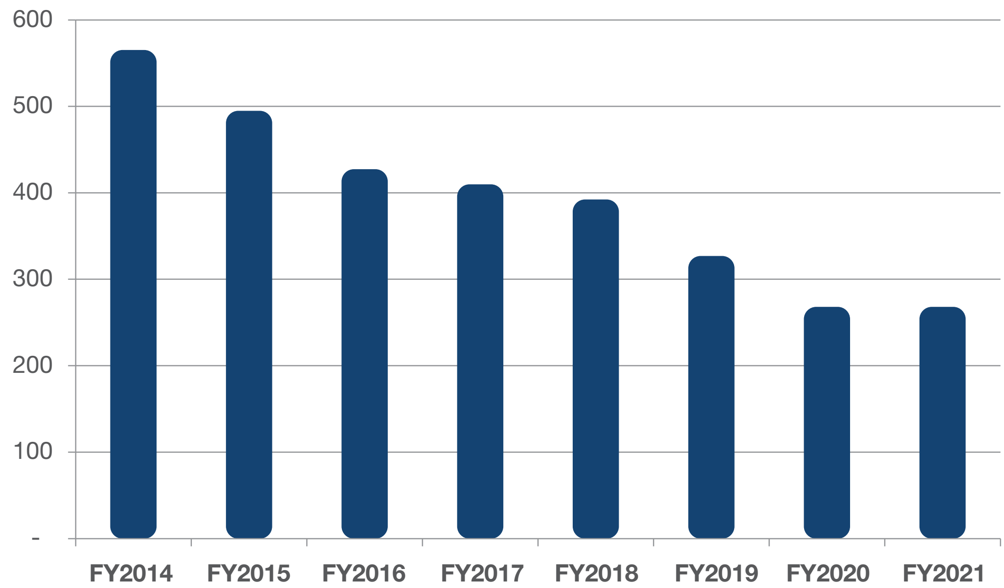
With the stakeholders prioritised, we look into the business and non-business aspects surrounding the ambience and existence of JCY and assess how these matters may have an impact on our substantial stakeholders and how material the impact is. There could be thousands of potential matters that may have 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 FY2021 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.

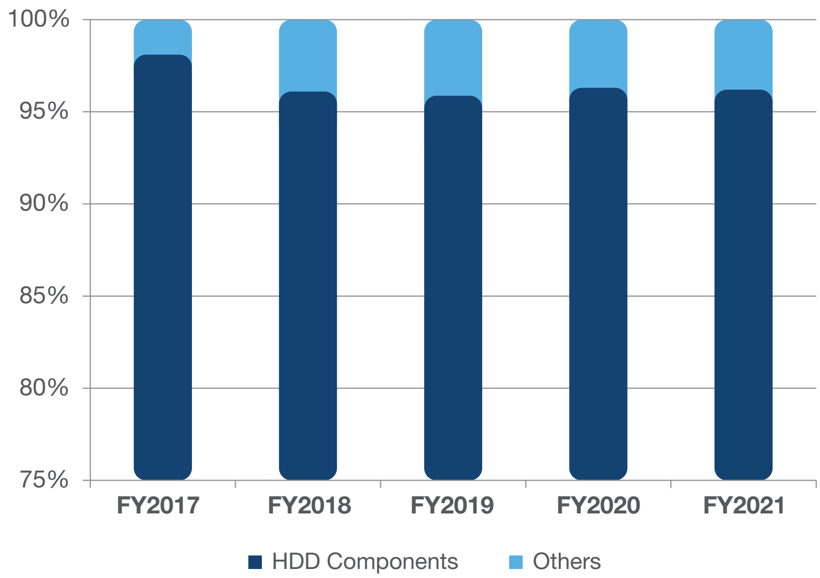
In the financial year 2016, the non-HDD revenue stood at approximately 0.5% of the total revenue generated by the Group. This number improved to 1.9% in the financial year 2017 where we saw some improvements on non-HDD revenue from the sales of components to other business sectors, including the sales 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 ("**BSA**") with SDM Casting Precision Sdn. Bhd. to acquire its business 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 BSA was completed in financial year 2021 and the Group expects the automotive segment to start contributing revenue from the financial year ending 2022. The Group's other diversification plans include its new operation plant in Jiangsu province of China.

The non-HDD sectors contributed approximately 3.8% of the total revenue generated by the Group in the financial year 2021.

Source of Revenue	FY2017	FY2018	FY2019	FY2020	FY2021
Sales of HDD Components	98.1%	96.1%	95.9%	96.3%	96.2%
Others	1.9%	3.9%	4.1%	3.7%	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.

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 impact 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.

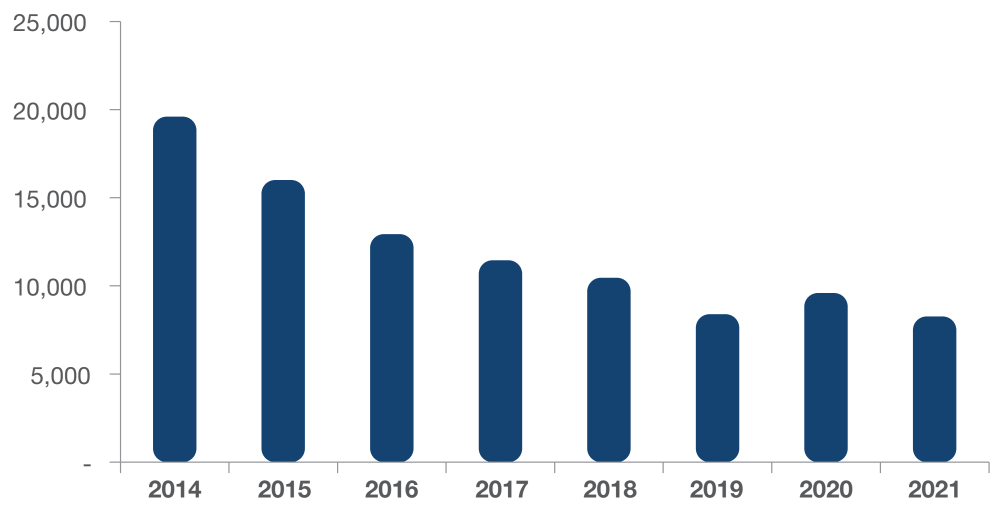
Human Resources Management

Labour dependency reduction

Human factor is one of the most challenging aspects in our business. JCY has a workforce of 8,100 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.



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.

SUSTAINABILITY STATEMENT
cont'd

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.

The Group is committed to the Responsible Business Alliance ("**RBA**") Code of Conduct, which provides one of the best and international accepted standards and practices for fair employment for the industry peers.

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 RBA 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. 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 2017 ("**MCCG**"). The Board is fully committed in maintaining high standards of corporate governance practices throughout the Company and its subsidiaries ("**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 2021.

The Corporate Governance Overview Statement is prepared in compliance with the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa 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 2017. The Corporate Governance Report is available on the Company's corporate website at www.jcyinternational.com.

The Board takes note of the updates on the MCCG issued by the Securities Commission Malaysia with effect on 28 April 2021 ("**MCCG 2021**"). MCCG 2021 introduces new practices and additional guidance to strengthen the corporate governance culture of public listed companies. The Board will be reporting the Group's adoption of the best practices under the MCCG 2021 in the Corporate Governance Overview Statement for the next financial year.

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 said Board Charter are also 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.

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 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.

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 has 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 adopted a Whistleblowing Policy and Procedures which 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

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 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 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 through a two-tier voting process at the Annual General Meeting ("**AGM**") in the event the Board retains such Director as an Independent Director.

Presently, all the three (3) Independent Non-Executive Directors have served the Board for a cumulative term of more than nine (9) years. The Company has been seeking from shareholders' approval to retain all the Independent Non-Executive Directors through the usual voting process at the Fifteenth AGM and will seek the shareholders' approval to retain all the Independent Non-Executive Directors through a two-tier voting process at the forthcoming AGM.

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:-

	Race/Ethnicity			
Gender	Malay	Chinese	Indian	Other
Male	279	86	49	3,193
Female	285	60	46	4,077

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

	Age Group (Years)				
Gender	Below 21	21-30	31-40	41-50	Above 50
Male	33	1,888	1,193	409	84
Female	118	2,068	1,533	639	110

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 2021 is detailed below:-

Name	Attendance
Dr. Rozali Bin Mohamed Ali	7/7
Mr. Goh Chye Kang	7/7
Dato' Wong King Kheng	7/7
Dato' Tan Shih Leng	7/7
Mr. Gouw Kim San *(Appointed on 16 December 2020)*	6/6
Mr. Chang Wei Ming	7/7
Mr. Chan Boon Hui	7/7

The minimum 50% attendance requirement as stipulated in the MMLR of Bursa 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 2021 are as follows:-

Name	Continuous education programmes attended
Dr. Rozali Bin Mohamed Ali	• Highlights of the MCCG 2021
Mr. Goh Chye Kang	• Highlights of the MCCG 2021
Dato' Wong King Kheng	• Highlights of the MCCG 2021 • IDRA - Insolvency Debt Restructuring Act • ISQM - International Standard on Quality Management • Annual Improvements to SFRS • Introduction to RPA • Introduction to cryptocurrencies • Accounting for virtual assets • Going concerns and impairment of assets amidst Covid-19 • Missing Trader Fraud • PDPA Compliance
Dato' Tan Shih Leng	• Highlights of the MCCG 2021
Mr. Gouw Kim San	• Highlights of the MCCG 2021 • Mandatory Accreditation Programme
Mr. Chang Wei Ming	• Highlights of the MCCG 2021 • Asia-Pacific Reframe Series Livestream: "Have you reinvented strategy to see new opportunities tomorrow?" • Brokers' Digest – Are US stocks overvalued? • Recent Changes in the Transfer Pricing Landscape
Mr. Chan Boon Hui	• Highlights of the MCCG 2021 • Global Credit Conditions - Beyond Covid • Towards a Sustainable Future: Understanding Green Finance, Sustainability-linked Finance and Reporting Requirements • Managing Hidden Risks in Valuation and Accounting Anomalies

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	1/1
Mr. Chang Wei Ming	*Independent Non-Executive Director*	Member	1/1
Dr. Rozali Bin Mohamed Ali	*Independent Non-Executive Director*	Member	1/1

During the financial year ended 30 September 2021, 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	Member	1/1
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 2021 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	222,000	1,245,000	22,000	1,489,000
Mr. Goh Chye Kang	120,000	-	-	120,000	120,000	1,925,000	-	2,045,000
Dato' Tan Shih Leng	120,000	-	-	120,000	120,000	923,000	90,000	1,133,000
Mr. Lim Ching Tee Peter*	30,000	-	-	30,000	30,000	-	-	30,000
Mr. Gouw Kim San**	-	-	-	-	-	976,000	-	976,000
Total	**390,000**	**50,000**	**-**	**440,000**	**492,000**	**5,069,000**	**112,000**	**5,673,000**
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.*
** *Appointed on 16 December 2020.*

The remuneration of the Key Senior Management for the financial year ended 30 September 2021 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 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 the MCCG, the Audit Committee has assessed the suitability, objectivity and independence of the External Auditors to safeguard the quality and reliability of audited financial statements. 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 26 November 2020 and 20 May 2021 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*

The Fifteenth AGM of the Company held on 25 February 2021, was conducted electronically in its entirety via remote participation and voting in accordance with the directives of the Ministry of Health, the General Standard Operating Procedures on Event Implementation of Government and Private Institutions issued by the National Security Council, as well as the Guidance Notes on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.

At the Fifteenth AGM held on 25 February 2021, the poll voting in line with Paragraph 8.29A of the MMLR was conducted through a remote electronic voting system. An independent scrutineer was appointed to scrutinise the polling process and verify the poll results.

Similarly, the poll voting at the forthcoming Sixteenth AGM will also be conducted through a remote electronic voting system. An independent scrutineer will be appointed to validate the poll results and the decision of each resolution, including the votes for and against of the resolution, will be made known at the meeting and the outcome is announced via Bursa LINK on the same meeting day.

KEY FOCUS AREAS AND FUTURE PRIORITIES

With the introduction of new best practices and further guidance under the updated MCCG 2021 issued by the Securities Commission Malaysia in April 2021, the Board will continue to strengthen the Company's existing corporate governance framework, policies and practices in order to safeguard the interest of all stakeholders.

Moving forward, the Board will continue to operationalise and improve the Company's corporate governance practices and instil a risk and governance awareness culture and mindset throughout the organisation in the best interest of all stakeholders.

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 2021.

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 Member 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 Securities**").

During the financial year ended 30 September 2021, the Audit Committee conducted six (6) 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	6/6
Dr. Rozali Bin Mohamed Ali	Independent Non-Executive Director	Member	6/6
Mr. Chan Boon Hui	Senior Independent Non-Executive Director	Member	6/6

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 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 before 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
26 November 2020	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the fourth quarter ended 30 September 2020
20 January 2021	Audited Financial Statements for the financial year ended 30 September 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 2020
25 February 2021	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the first quarter ended 31 December 2020
20 May 2021	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the second quarter ended 31 March 2021
19 August 2021	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the third quarter ended 30 June 2021

(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 External Auditors' performance, independence, and effectiveness 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 the financial year ended 30 September 2021 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 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 submitting 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 reports directly to the Audit Committee and assists the Audit Committee in discharging its functions and duties. The internal audit function is independent of 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 2021 amounted to RM147,000/-.

During the financial year, the Internal Audit Department conducted audits on the jigs and fixture cost analytical review, and project-based procurement overall review. The annual follow-up reviews were carried forward to the next financial year due to operational interruptions during the movement control period. 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) Presented audit findings and discussed corrective actions to be taken in closing the meeting with Management and in the quarterly Audit Committee meetings.

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 to maintaining a sound system of risk management and internal control. Accordingly, 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 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 2021. 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 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 establishing an appropriate control environment and framework and reviewing the system's effectiveness, adequacy, and integrity.

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 Enterprise Risk Management Committee ("**ERMC**") is established to assist the Board in identifying and assessing the risks faced by the Group and thereafter designing, implementing, and monitoring 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 eliminating 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 ERMC 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 ERMC 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 ERMC are subject to periodic review. In addition, the ERMC would actively refine and continuously seek improvements in the existing Risk Management System.

CONTROL ENVIRONMENT AND KEY ELEMENTS OF INTERNAL CONTROL

The Board is committed to 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 to enhance 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 are 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 legislation 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 have 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, emphasizing 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 according to the risk-based annual audit plan approved by the Audit Committee. The 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.

Details of the internal audit funtion activities 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 to 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 Securities and pursuant to the scope set out in Audit and Assurance Practice Guide ("**AAPG**") 3: (Revised) issued by the Malaysian Institute of Accountants, the External Auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 30 September 2021.

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 the 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 was approved by the Board on 20 January 2022.

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 2021.

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	115,000	577,000
Non-Audit Fees	-	10,000
Total Fees	**155,000**	**587,000**

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 2021 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 2020	23,142,000
Total number of options granted during the year	-
Total number of options exercised during the year	(17,039,800)
Total number of options forfeited during the year	-
Total number of options outstanding as at 30 September 2021	6,102,200
Granted to Directors	**ESOS Options**
Aggregate options outstanding as at 1 October 2020	6,750,000
Aggregate options granted during the year	-
Aggregate options exercised during the year	(4,250,000)
Aggregate options outstanding as at 30 September 2021	2,500,000
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 01.10.2020	Granted/ (Exercised)	Cancelled	Balance as at 30.09.2021
1. Dr. Rozali Bin Mohamed Ali	250,000	-	-	250,000
2. Chang Wei Ming	250,000	(250,000)	-	-
3. Chan Boon Hui	250,000	-	-	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 2021 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 2021.

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 2021.

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
(Loss)/profit net of tax	(35,371)	982

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

No dividend has been paid or declared by the Company since the end of previous financial year. The directors do not recommend the payment of 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)

* *Director of the Company and certain subsidiaries*

The names of the directors of the Company's subsidiaries (excluding directors who are also directors of the Company) in office since the beginning of the financial year to the date of this report are:

Yong Yong Chai
Yong Yoong Kian
Lim Su Kiat
Teo Swee Fong

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	5,069	50
Fees	852	750
Defined contribution plan	112	-
Other emoluments	300	300
	6,333	1,100

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 RM44,318 (2020: 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 2020	Acquired	Sold	30 September 2021
Ordinary shares of the Company				
Direct interest:				
Dr. Rozali Bin Mohamed Ali	1,750,000	-	-	1,750,000
Dato' Wong King Kheng	5,450,000	-	(650,000)	4,800,000
Chang Wei Ming	100,000	250,000	(50,000)	300,000
Goh Chye Kang	-	1,000,000	(1,000,000)	-
Dato' Tan Shih Leng	3,700,000	6,000,000	(4,967,400)	4,732,600

DIRECTORS' REPORT
cont'd

DIRECTORS' INTERESTS *cont'd*

	Number of ordinary shares of the Company under the option pursuant to the ESOS			
	1 October 2020	Granted	Exercised	30 September 2021
Employee Share Option Scheme (ESOS) of the Company				
Dr. Rozali Bin Mohamed Ali	250,000	-	-	250,000
Dato' Wong King Kheng	1,000,000	-	-	1,000,000
Chang Wei Ming	250,000	-	(250,000)	-
Goh Chye Kang	2,000,000	-	(1,000,000)	1,000,000
Dato' Tan Shih Leng	3,000,000	-	(3,000,000)	-
Chan Boon Hui	250,000	-	-	250,000

Other than as disclosed above, the other director 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 2021, the Company held as treasury shares, a total of 15,946,700 of its 2,126,456,800 issued ordinary shares. Such treasury shares are held at a carrying amount of RM15,584,000 and further relevant details are disclosed in Note 28(b) to the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 17,039,800 new ordinary shares pursuant to the exercise of employee share options at the issue price of RM0.25 per share as disclosed in Note 28 to the financial statements. The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. The Company did not issue any debentures during the financial year.

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.

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 39 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		
- current year	469	115
- underprovision in prior year	25	-
- other services	10	-
Other auditors	83	-
	587	115

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 January 2022.

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 57 to 119 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 2021 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 20 January 2022.

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 57 to 119 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 20 January 2022)

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 2021 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 57 to 119.

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 2021, 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 during the year as a result of the operating loss recorded for the current financial year, 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 concluded no additional impairment loss should be recorded for the current financial year. As at 30 September 2021, the aggregate carrying amount of PPE and ROU assets of the Group was RM325.6 million, representing 28% of the Group's total assets.

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*

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 RM1.055 billion. Given the high volume of sales transactions may be the possible cause of a higher risk in respect of the timing and amount of revenue recognised, 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 and sales agreements;

- 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 2.19 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.

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.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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.

- 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.

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

- 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: 20 January 2022

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	4	1,055,250	1,075,983	-	63,245
Cost of sales		(1,069,739)	(1,034,140)	-	-
Gross (loss)/profit		(14,489)	41,843	-	63,245
Other items of income					
Other operating income		42,780	40,761	4,603	25
Other items of expense					
General and administrative expenses		(43,645)	(42,023)	(2,171)	(6,260)
Other operating expenses		(17,499)	-	(1,397)	-
Finance costs	8	(1,873)	(2,292)	(53)	(24)
(Loss)/profit before tax	5	(34,726)	38,289	982	56,986
Taxation	9	(645)	(12,216)	-	(30)
(Loss)/profit after tax		(35,371)	26,073	982	56,956
Other comprehensive (loss)/income					
Foreign currency translation		12,963	9,706	-	-
Recycling of foreign currency translation reserve on liquidation of a foreign subsidiary		(36,746)	-	-	-
Total comprehensive (loss)/income for the year		(59,154)	35,779	982	56,956
Basic (loss)/profit per share (sen)	10	(1.7)	1.3		
Diluted (loss)/profit per share (sen)	10	(1.7)	1.2		

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

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2021

		Group	
	Note	2021 RM'000	2020 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	325,577	322,683
Right of use assets	13	29,341	29,709
Goodwill	14	4,393	-
Deferred tax assets	25	440	3,326
Restricted bank deposits	21	1,598	1,695
		361,349	357,413
Current assets			
Inventories	17	234,133	207,450
Trade and other receivables	18	226,643	247,008
Other current assets	19	17,520	13,940
Tax recoverable		913	645
Short term funds	20	47,813	46,941
Cash and bank balances	21	270,210	281,338
		797,232	797,322
Assets held for sale	27	390	-
		797,622	797,322
Total assets		1,158,971	1,154,735
Equity and liabilities			
Current liabilities			
Trade and other payables	22	174,819	142,425
Borrowings	23	96,038	62,740
Lease liabilities	26	1,454	961
Tax payable		-	2,588
		272,311	208,714
Net current assets		525,311	588,608
Non-current liabilities			
Long term employee benefits	24	2,107	4,753
Lease liabilities	26	4,332	4,394
Deferred tax liabilities	25	12,025	13,784
		18,464	22,931
Total liabilities		290,775	231,645
Net assets		868,196	923,090
Equity attributable to equity holders of the Company			
Share capital	28	549,131	544,871
Reserves		319,065	378,219
Total equity		868,196	923,090
Total equity and liabilities		1,158,971	1,154,735

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

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2021
cont'd

	Note	30.09.2021 RM'000	Company 30.09.2020 RM'000 (Restated)	1.10.2019 RM'000 (Restated)
Assets				
Non-current assets				
Investment in subsidiaries	15	463,455	463,841	462,123
Due from subsidiaries	16	150,664	247,492	210,188
		614,119	711,333	672,311
Current assets				
Due from subsidiaries	16	6,851	596	-
Other current assets	19	246	871	31
Tax recoverable		37	-	-
Cash and bank balances	21	108,454	12,150	241
		115,588	13,617	272
Total assets		729,707	724,950	672,583
Equity and liabilities				
Current liabilities				
Trade and other payables	22	850	919	4,169
Tax payable		-	30	-
		850	949	4,169
Total liabilities		850	949	4,169
Net current assets/(liabilities)		114,738	12,668	(3,897)
Net assets		728,857	724,001	668,414
Equity attributable to equity holders of the Company				
Share capital	28	549,131	544,871	536,732
Reserves		179,726	179,130	131,682
Total equity		728,857	724,001	668,414
Total equity and liabilities		729,707	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 2021

	Note	Share capital (Note 28(a)) RM'000	Treasury shares (Note 28(b)) RM'000	Employee share options reserve (Note 29(a)) RM'000	Foreign currency translation reserve (Note 29(b)) RM'000	Retained earnings (Note 30) RM'000	Total RM'000
		← Non-distributable			→	Distributable	
2021							
At 1 October 2020		544,871	(15,584)	5,270	57,887	330,646	923,090
Total comprehensive loss for the year		-	-	-	(23,783)	(35,371)	(59,154)
Transactions with owners							
Exercise of employee share options		4,260	-	-	-	-	4,260
Reclassification of employee share options reserve to retained earnings upon liquidation of a foreign subsidiary		-	-	(386)	-	386	-
At 30 September 2021		549,131	(15,584)	4,884	34,104	295,661	868,196
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

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

COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 September 2021

		← Non-distributable		→	Distributable	
	Note	Share capital (Note 28(a)) RM'000	Treasury shares (Note 28(b)) RM'000	Employee share options reserve (Note 29(a)) RM'000	Retained earnings (Note 30) RM'000	Total RM'000
2021						
At 1 October 2020		544,871	(15,584)	5,270	189,444	724,001
Total comprehensive income for the year		-	-	-	982	982
Transactions with owners						
Exercise of employee share options		4,260	-	-	-	4,260
Reduction of employee share options reserve due to liquidation of a foreign subsidiary		-	-	(386)	-	(386)
At 30 September 2021		549,131	(15,584)	4,884	190,426	728,857
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

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 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Operating activities				
(Loss)/profit before tax	(34,726)	38,289	982	56,986
Adjustments for:				
Depreciation	39,853	33,096	-	-
Dividend income	-	-	-	(63,245)
Amortisation of right of use assets	2,094	1,721	-	-
Allowances for doubtful debts on amount due from subsidiaries	-	-	1,397	1,613
Reversal of impairment loss on property, plant and equipment	-	(33,195)	-	-
Write down of plant and equipment held for sales	522	-	-	-
Provision of cost on compliance to Responsible Business Alliance ("RBA") code of conduct	16,977	-	-	-
Gain from recycling of foreign currency reserve on liquidation of a foreign subsidiary	(36,746)	-	-	-
Loss/(gain) on disposal of property, plant and equipment	1,851	(2,438)	-	-
Unrealised loss/(gain) on foreign exchange	2,946	16,655	(2,702)	2,652
Property, plant and equipment written-off	337	753	-	-
Inventories written down to net realisable value	857	1,698	-	-
Defined benefit plans	(2,442)	209	-	-
Interest income	(3,736)	(4,268)	(114)	(25)
Investment income	(871)	(1,481)	-	-
Grant of equity-settled share options to employees	-	796	-	78
Interest expenses	1,205	1,766	-	-
Interest on lease liabilities	271	250	-	-
Operating cash flows before working capital changes	(11,608)	53,851	(437)	(1,941)
Inventories	(27,902)	(16,946)	-	-
Receivables	27,300	(41,760)	-	1,470
Other current asset	(3,580)	(2,879)	625	(840)
Payables	14,836	10,379	(69)	(3,249)
Cash flows (used in)/generated from operations	(954)	2,645	119	(4,560)
Interest paid	(1,476)	(2,016)	-	-
Defined benefit plans paid	(242)	(309)	-	-
Tax paid	(2,374)	(356)	(67)	-
Net cash flows (used in)/generated from operating activities	(5,046)	(36)	52	(4,560)

STATEMENTS OF CASH FLOWS

For the financial year ended 30 September 2021
cont'd

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Investing activities				
Interest received	3,736	4,268	114	25
Investment income received	871	1,481	-	-
Additions to short term funds	(872)	(1,481)	-	-
Purchase of property, plant and and equipment	(52,053)	(54,309)	-	-
Acquisition of business	(2,154)	-	-	-
Proceeds from disposal of property, plant and equipment	1,523	71,538	-	-
Dividend income received	-	-	-	62,041
Additional investment in subsidiaries	-	-	-	(1,000)
Placement of deposit for more than 3-months maturity with licensed bank	(168)	(7,300)	(168)	(7,300)
Net repayment from/ (loan to) subsidiaries	-	-	91,878	(42,431)
Net cash flows (used in)/generated from investing activities	(49,117)	14,197	91,824	11,335
Financing activities				
Dividends paid	-	(10,305)	-	(10,305)
Proceed from issuance of new shares pursuant to exercise of ESOS	4,260	8,139	4,260	8,139
Repayment of lease liabilities	(1,307)	(933)	-	-
Drawdown of short-term borrowings	32,065	15,644	-	-
Net cash flows generated from/(used in) financing activities	35,018	12,545	4,260	(2,166)
Net (decrease)/increase in cash and cash equivalents	(19,145)	26,706	96,136	4,609
Effect of exchange rate changes on cash and cash equivalents	7,849	5,160	-	-
Cash and cash equivalents at beginning of financial year	274,038	242,172	4,850	241
Cash and cash equivalents at end of financial year (Note 21)	262,742	274,038	100,986	4,850

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021

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 2020, 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 2020:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Business Combinations - Definition of a Business	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - 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: Leases - Covid-19 Related Rent Concessions	1 June 2020
Amendments to MFRS 4: Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards and interpretations issued but not yet effective

The standards, amendments and annual improvement 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 and annual improvement, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendment to MFRS 16: Leases - Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual Improvements to MFRS Standards 2018 – 2020 Cycle	1 January 2022
Amendments to MFRS 3: Business Combinations - 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: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9—Comparative Information	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements	
- Classification of Liabilities as Current or Non-current	1 January 2023
- Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Income Tax - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group is currently assessing the potential impact of initial adoption of the standards, amendments, and annual improvements above.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.4 Current versus non-current classification *cont'd*

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.5 Basis of consolidation *cont'd*

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 are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is 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.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, which is measured at fair value with the changes in fair value recognised either in profit or loss or as a change to OCI in accordance with MFRS 9. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

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 re-assessment 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.6 Business combinations and goodwill *cont'd*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.9 Impairment of non-financial assets *cont'd*

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.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
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*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
cont'd

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 2021
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.

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.14 Leases *cont'd*

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.15 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.15 Taxes *cont'd*

(c) 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.

2.16 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.

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.17 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

2.18 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 2021
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.18 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.

2.19 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*

2.20 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and 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 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.21 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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 Non-current asset held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;

- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

- Is a subsidiary acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.23 Non-current asset held for sale *cont'd*

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 27. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2.24 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 25.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
cont'd

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

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.

Due to the existence of indicators of impairment during the year as a result of the operating loss recorded for the current financial year arising from the realignment of its customer base and stop purchase by a major customer, 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% (2020:12%) and pre-tax WACC of 14.2% (2020:14.6%). If the management's estimated pre-tax discount rate had been increased by 1% to 15.2%, the property, plant and equipment and right of use assets would be further impaired by RM16,632,000.

- 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 -1.47% (2020: -1.7%) growth rate. If the management's estimated negative growth rate applied to cash flows beyond the four-year period had been increased by 1% to -2.47%, the property, plant and equipment and right of use assets would be further impaired by RM3,983,000.

- The budgeted cost of sales applied to derive at the budgeted gross profit margin (excluding depreciation) of 7.7% (2020: 8.9%) is based on percentage of average raw material consumption, labour and overhead over sales achieved for 2021 adjusted for inefficiency cost due to the effect of realignment of customers' base and Covid-19 Pandemic and increase in aluminium ingot price. If the management's budgeted gross margin had been lower by 0.77% (i.e. 10% of budgeted gross margin) to 6.9%, the property, plant and equipment and right of use assets would be further impaired by RM53,066,000.

- The foreign exchange rate of RM4.1375/USD (2020: RM4.155/USD) is estimated throughout the 10 years. If the management's forecasted foreign exchange rate of RM/USD had been lower from RM4.1375/USD to RM4/USD, the property, plant and equipment and right of use assets would be further impaired by RM35,442,000.

As a result of this analysis, management has determined that the value in use for its property, plant and equipment and right-of-use assets approximates the carrying amount of the assets and hence no further provision or reversal is required.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
cont'd

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

3.1 Key sources of estimation uncertainty *cont'd*

(d) Provision for expected credit loss of trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade and others receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

3.2 Judgements other than estimates

In the process of applying the Group's accounting policies, management has made the following judgement which has significant effect on the amounts recognised in the consolidated financial statements:

(a) Business combination

During the current financial year, the Group acquires Automotive Components Business. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. As disclosed in the Note 14, 15 and 39(ii), the Group accounts for the acquisition as a business combination as an integrated set of activities is acquired in addition to the plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
cont'd

4. REVENUE

(a) Disaggregated revenue information

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Sales of hard disk drive components	1,015,571	1,036,151	-	-
Sales of other components	39,679	39,832	-	-
Revenue arising from contracts with customers	1,055,250	1,075,983	-	-
Dividend income	-	-	-	63,245
	1,055,250	1,075,983	-	63,245

(b) Contract balances

Information about receivables and contract assets from contracts with customers is disclosed as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Trade receivables (Note 18)	215,112	241,199	-	-
Contract assets (Note 19)	9,554	4,456	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
cont'd

5. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before tax is stated after charging:				
Depreciation (Note 12)	39,853	33,096	-	-
Amortisation of right-of-use assets (Note 13)	2,094	1,721	-	-
Allowances for doubtful debts on amount due from subsidiaries (Note 16(b))	-	-	1,397	1,613
Provision of cost on compliance to Responsible Business Alliance (RBA) code of conduct (Note 22(b))	16,977	-	-	-
Auditors' remuneration:				
- statutory audit				
- current year	552	474	115	101
- underprovision in prior year	25	-	-	-
- other services	10	10	-	-
Employee benefits expense (Note 6)	247,331	211,993	1,334	1,448
Write down of plant and equipment held for sales (Note 27)	522	-	-	-
Inventories written down to net realisable value	857	1,698	-	-
Non-executive directors' remuneration (Note 7)				
- fees	360	360	360	360
- other emoluments	300	300	300	300
Rental of land and building	185	208	-	-
Rental of equipment	1,197	804	-	-
Rental of hostel	7,587	7,941	-	-
Loss on disposal of property, plant and equipment	1,851	-	-	-
Property, plant and equipment written off	337	753	-	-
Loss on foreign exchange				
- realised	7,403	-	-	-
- unrealised	2,946	16,655	-	2,652

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
cont'd

5. (LOSS)/PROFIT BEFORE TAX *cont'd*

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
And crediting:				
Interest income from deposits	3,736	4,268	114	25
Investment income from short term funds	871	1,481	-	-
Reversal of impairment on property, plant and equipment (Note 12)	-	33,195	-	-
Gain from recycling of foreign currency reserve on liquidation of a foreign subsidiary	36,746	-	-	-
Gain on disposal of property, plant and equipment	-	2,438	-	-
Gain on foreign exchange				
- realised	-	5,440	1,757	5
- unrealised	-	-	2,702	-

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	238,620	201,636	1,334	1,370
Defined contribution plans	5,249	4,127	-	-
Social security contributions	3,314	3,420	-	-
Share options granted under ESOS	-	796	-	78
Defined benefit plans (Note 24)	(2,442)	209	-	-
Other staff related expenses	2,590	1,805	-	-
	247,331	211,993	1,334	1,448

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM5,673,000 (2020: RM5,526,000) and RM440,000 (2020: RM530,000) respectively, as further disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
cont'd

7. DIRECTORS' REMUNERATION

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive directors (Note 6) :				
Salaries and bonus	5,069	4,834	50	50
Fees	492	581	390	480
Defined contribution plan	112	111	-	-
	5,673	5,526	440	530
Non-executive directors (Note 5) :				
Fees	360	360	360	360
Other emoluments	300	300	300	300
	660	660	660	660
	6,333	6,186	1,100	1,190
Directors of subsidiaries				
Salaries and bonus	1,118	1,116	-	-
Defined contribution plan	119	119	-	-
Fees	227	175	-	-
	1,464	1,410	-	-
Total directors' remuneration	7,797	7,596	1,100	1,190

8. FINANCE COSTS

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
- Foreign currency trade loans	453	829	-	-
- Bill payable	11	167	-	-
- Account receivables factoring	522	770	-	-
- Term loan	219	-	-	-
- Lease liabilities (Note 26)	271	250	-	-
Bank charges	397	276	53	24
	1,873	2,292	53	24

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
cont'd

9. TAXATION

Major components of taxation

The major components of taxation for the financial years ended 30 September 2021 and 2020 are:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	113	141	-	-
Foreign income tax	-	2,517	-	-
(Over)/underprovision in prior year	(600)	222	-	30
	(487)	2,880	-	30
Deferred tax (Note 25):				
Relating to origination and reversal of temporary differences	(1,321)	10,455	-	-
Under/(over)provision in prior year	2,453	(1,119)	-	-
	1,132	9,336	-	-
	645	12,216	-	30

Reconciliation between tax expense and accounting (loss)/profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 30 September 2021 and 2020 are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(Loss)/profit before taxation	(34,726)	38,289	982	56,986
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	(8,334)	9,189	236	13,677
Effect of different tax rates in other countries	1,999	707	-	-
Income not subject to tax	(9,265)	(3,990)	(1,105)	(15,164)
Expenses not deductible for tax purposes	1,812	2,082	869	1,487
Deferred tax assets not recognised on unutilised tax losses	14,037	5,125	-	-
Deferred tax assets recognised on reinvestment allowance	(1,457)	-	-	-
(Over)/underprovision of income tax in prior year	(600)	222	-	30
Under/(over)provision of deferred tax in prior year	2,453	(1,119)	-	-
Income tax expense recognised in profit or loss	645	12,216	-	30

A subsidiary of the Group, JCY HDD Technology Company Limited, 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:

(i) 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. The unabsorbed tax losses can be carried forward for 5 years from the expiry of the full income tax exemption period.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
cont'd

9. TAXATION *cont'd*

A subsidiary of the Group, JCY HDD Technology Company Limited, 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: *cont'd*

(ii) a period of four (4) years commenced on 1 September 2020 and will expire on 30 August 2024. The unabsorbed tax losses can be carried forward for 5 years from the expiry of the full income tax exemption period.

Domestic current income tax is calculated at the statutory tax rate of 24% (2020: 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 2021 and 2020 has reflected the effects of the above items.

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

10. (LOSS)/PROFIT PER SHARE

Basic (loss)/profit per share is calculated by dividing (loss)/profit 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 (loss)/profit per share is calculated by dividing (loss)/profit 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 (loss)/profit and share data used in the computation of basic and diluted (loss)/profit per share for the years ended 30 September:

	Group	
	2021	**2020**
(Loss)/profit attributable to ordinary equity holders of the Company (RM'000)	(35,371)	26,073
Weighted average number of ordinary shares for basic loss per share computation ('000 units)	2,106,191	2,071,501
Effects of dilution:-		
Share options ('000 units)	9,521	46,594
Weighted average number of ordinary shares for diluted loss per share computation ('000 units)	2,115,712	2,118,095
Basic (loss)/profit per share (sen)	(1.7)	1.3
Diluted (loss)/profit per share (sen)	(1.7)	1.2

11. DIVIDENDS

	Dividend recognised in year	
	2021	**2020**
	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 2021
cont'd

12. PROPERTY, PLANT AND EQUIPMENT

2021 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 2020	9,236	187,022	7,045	9,042	1,038,580	185,368	9,607	16,268	2,687	1,464,855
Additions	-	77	17,216	277	16,557	17,575	-	317	34	52,053
Additions from acquisition of business (Note 14(ii))	-	-	-	-	993	-	-	-	-	993
Disposals	-	-	-	(379)	(13,293)	(204)	-	-	(368)	(14,244)
Reclassified to assets held for sale (Note 27)	-	-	-	-	(985)	-	-	-	-	(985)
Reclassifications	-	2,005	(19,194)	-	15,464	1,725	-	-	-	-
Written off	-	(463)	(72)	(1,303)	(8,920)	(7,710)	-	(1,803)	(6)	(20,277)
Exchange differences	(460)	(4,230)	(221)	(164)	(14,973)	-	-	165	(19)	(19,902)
At 30 September 2021	8,776	184,411	4,774	7,473	1,033,423	196,754	9,607	14,947	2,328	1,462,493
Accumulated depreciation and impairment loss										
At 1 October 2020	-	68,336	-	7,284	901,191	141,277	9,598	12,406	2,080	1,142,172
Depreciation charge for the year (Note 5)	-	5,805	-	474	27,718	4,939	-	830	87	39,853
Reclassified to assets held for sale (Note 27)	-	-	-	-	(73)	-	-	-	-	(73)
Disposals	-	-	-	(363)	(10,188)	(30)	-	-	(289)	(10,870)
Written off	-	(463)	-	(1,290)	(8,673)	(7,710)	-	(1,803)	(1)	(19,940)
Exchange differences	-	(2,384)	-	(137)	(11,722)	-	-	31	(14)	(14,226)
At 30 September 2021	-	71,294	-	5,968	898,253	138,476	9,598	11,464	1,863	1,136,916
At 30 September 2021										
- Accumulated depreciation	-	71,294	-	5,339	836,964	115,558	9,589	10,484	1,831	1,051,059
- Accumulated impairment loss	-	-	-	629	61,289	22,918	9	980	32	85,857
	-	71,294	-	5,968	898,253	138,476	9,598	11,464	1,863	1,136,916
Net carrying amount										
At 30 September 2021	8,776	113,117	4,774	1,505	135,170	58,278	9	3,483	465	325,577

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
cont'd

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

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	1,075,015	163,421	9,607	13,683	2,411	1,495,798
Additions	-	39	23,085	653	24,817	2,667	-	2,544	504	54,309
Disposals	-	-	-	(1,044)	(68,247)	(204)	-	-	-	(69,495)
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	1,038,580	185,368	9,607	16,268	2,687	1,464,855
Accumulated depreciation and impairment loss										
At 1 October 2019	-	64,314	-	8,419	977,322	143,178	9,600	12,238	2,275	1,217,346
Depreciation charge for the year (Note 5)	-	5,686	-	390	21,747	4,684	-	542	47	33,096
Impairment loss (Note 5)	-	-	-	(323)	(25,924)	(6,549)	(2)	(378)	(19)	(33,195)
Disposals	-	-	-	(1,020)	(63,218)	(29)	-	-	-	(64,267)
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	901,191	141,277	9,598	12,406	2,080	1,142,172
At 30 September 2020										
- Accumulated depreciation	-	68,336	-	6,584	837,158	118,360	9,589	11,426	2,054	1,053,507
- Accumulated impairment loss	-	-	-	700	64,033	22,917	9	980	26	88,665
	-	68,336	-	7,284	901,191	141,277	9,598	12,406	2,080	1,142,172
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 2021
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12. PROPERTY, PLANT AND EQUIPMENT *cont'd*

During the current financial year, the Group has carried out impairment assessment for cash-generating unit ("CGU") relating to the property, plant and equipment and rights of use assets in respect of hard disk drive components manufacturing and trading business using value-in-use ("VIU") method. No additional or reversal of impairment loss for current financial year (2020: impairment reversal of RM33,195,000). In determining the VIU, the Group has applied the key assumptions as disclosed in Note 3.1(c).

13. 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
Exchange difference	-	210	(34)	176
At 1 October 2020	31,186	5,519	777	37,482
Addition	-	-	1,514	1,514
Exchange difference	-	344	(83)	261
At 30 September 2021	31,186	5,863	2,208	39,257
Accumulated depreciation				
At 1 October 2019	-	-	-	-
Effect of MFRS 16 Leases adoption	6,043	-	-	6,043
Amortisation (Note 5)	607	905	209	1,721
Exchange difference	-	14	(5)	9
At 1 October 2020	6,650	919	204	7,773
Amortisation (Note 5)	607	952	535	2,094
Exchange difference	-	82	(33)	49
At 30 September 2021	7,257	1,953	706	9,916
Net carrying amount				
At 30 September 2021	23,929	3,910	1,502	29,341
At 30 September 2020	24,536	4,600	573	29,709

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
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14. GOODWILL

	Group	
	2021	2020
	RM'000	RM'000
Cost		
At beginning of the financial year	-	-
Additions	4,393	-
At end of the financial year	4,393	-

(i) On 13 January 2020, the Company entered into a Business Sales Agreement ("BSA") with SDM Casting Precision Sdn. Bhd. ("SDM") to acquire SDM's manufacturing of automotive components business ("Automotive Components Business"), which includes its plant and equipment, goodwill of the business of trading and manufacturing in aluminium die-casting industries, the customer and supplier contacts, and supply contracts with major customers. Further information is disclosed in Note 39(ii).

The BSA had been completed on 2 March 2021 and at the same time, the Company novated the full rights and obligations under the BSA to one of the subsidiaries, JCY Auto Sdn. Bhd. ("JCY Auto") through a tripartite novation agreement between JCY Auto, SDM and the Company.

(ii) Purchase Price Allocation ("PPA")

The Group has determined that it has acquired a business as it has acquired set of activities and assets which include the plant and equipment, the customer and supplier contacts and supply contracts with major customers (input). In addition, the Group is also provided with the operating manual, drawing, transfer of necessary skills, knowledge and experience to perform the production process which is critical to the ability to continue producing outputs.

The Group carried out a purchase price allocation ("PPA") to account for the effect of the business combination arising from the acquisition of Automotive Components Business.

<u>Assets acquired and liabilities assumed</u>

The fair values of the identifiable assets and liabilities of Automotive Components Business is set out below:

	RM'000
Assets	
Plant and equipment	993
Intangible assets	-*
	993
Liabilities	-
Total identifiable net assets at fair value	993
Goodwill	4,393
	5,386
Consideration transferred:	
Cash paid	2,154
Deferred cash settlement (Note 22)	3,232
	5,386

* *No fair value is allocated for the intangible assets acquired as they are either not separable from SDM or the fair value determined is negligible.*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
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14. GOODWILL *cont'd*

(ii) Purchase Price Allocation ("PPA") *cont'd*

Assets acquired and liabilities assumed *cont'd*

Goodwill arising from business combination has been allocated to cash-generating unit ("CGU") relating to Automotive Components Business and is arising from the fair value of the established automotive components business.

(iii) Impairment review of goodwill

The Group has determined the recoverable amount of its CGU based on the value in use ("VIU"). The VIU calculation is based on a discounted cash-flow ("DCF") model. The VIU is derived from a forecast covering a five-year period and projection to terminal year and do not include restructuring activities that is not yet committed to or significant future investment that will enhance it's performance.

The key assumptions and their sensitivity analysis are as below:

i) The future forecasted cash flows is discounted at a post-tax weighted average cost of capital ("WACC") of 11% and pre-tax WACC of 13%. If the management's pre-tax discount rate had been increased by 1% to 14%, no material impact to goodwill impairment.

ii) Sales forecast for years 1 to 3 is estimated based on historical revenue achieved. Sales growth for years 4 to 5 is projected using 3% growth rate. If the management's sales growth rate applied had been lower by 0.3% (i.e. 10% of forecasted sales growth rate), no material impact to goodwill impairment.

iii) Budgeted gross margin of 10% is based on historical margins achieved in year 2020. If the management's budgeted gross margin had been lower by 1% to 9%, no material impact to goodwill impairment.

iv) Terminal growth rate at year 5 is projected using 2% growth rate. If the management's terminal growth rate applied had been lower by 0.2% (i.e. 10% of projected terminal growth rate), no material impact to goodwill impairment.

Based on the analysis performed, goodwill is not impaired for the current financial year.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	**2020**
	RM'000	**RM'000**
Unquoted shares, at cost:		
- In Malaysia	453,751	453,751
- Outside Malaysia	2,300	2,300
	456,051	456,051
Less: Accumulated impairment losses	(2,300)	(2,300)
	453,751	453,751
ESOS granted to employees of subsidiaries	9,704	10,090
	463,455	463,841

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
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15. INVESTMENT IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Equity interest 2021 %	Equity interest 2020 %	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	Dormant
Minarex Holdings Limited*	Mauritius	100.00	100.00	Investment holding
JCY Auto Sdn. Bhd.* (Note (i))	Malaysia	100.00	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.*** (Note (iii))	The People's Republic of China	-	100.00	Liquidated in FYE 2021
YQ Technology (Jiangsu) Co. Ltd.***	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*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
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15. INVESTMENT IN SUBSIDIARIES *cont'd*

(i) JCY Auto Sdn. Bhd. ("JCY Auto") was incorporated on 26 February 2020 as a wholly owned subsidiary of the Company.

On 13 January 2020, the Company entered into a Business Sales Agreement ("BSA") with SDM Casting Precision Sdn. Bhd. ("SDM") to acquire SDM's manufacturing of automotive components business ("Automotive Components Business"). The BSA had been completed on 2 March 2021 and at the same time, the Company novated the full rights and obligations under the BSA to JCY Auto through a tripartite novation agreement between JCY Auto, SDM and the Company. The details of the acquisition of business are disclosed in Notes 14 and 39(ii).

JCY Auto has remained dormant for the current financial year and the acquisition of Automotive Components Business has not contributed to the Group's result for the current financial year.

(ii) A wholly owned subsidiary of the Company, Minarex Holdings Limited, has subscribed for additional shares of 6,339,200 issued by JCY HDD Technology Company Limited for a cash consideration of USD 20,000,000 during the current financial year. There is no change in the effective equity interest of the Company in JCY HDD Technology Company Limited.

(iii) YK Technology (Suzhou) Co. Ltd was liquidated and deconsolidated from the Group's accounts in August 2021. Upon the liquidation and deconsolidation, the accumulated foreign exchange translation reserve of RM36,746,000 was recycled and recognised in profit or loss for the current financial year. The gain had no impact on the Group's net assets.

16. DUE FROM SUBSIDIARIES

		Company	
	2021	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**
		(Restated)	**(Restated)**
Current			
Due from subsidiaries	6,851	596	-
Non-current			
Due from subsidiaries	160,016	255,447	216,530
Less: Accumulated impairment losses	(9,352)	(7,955)	(6,342)
	150,664	247,492	210,188
Total amount due from subsidiaries	157,515	248,088	210,188
Add: Cash and bank balances (Note 21)	108,454	12,150	241
Total financial assets at amortised cost	265,969	260,238	210,429

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
cont'd

16. DUE FROM SUBSIDIARIES *cont'd*

(a) Amounts due from subsidiaries - current

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

(b) Amounts due from subsidiaries - non-current

The amounts due from subsidiaries represents advances given by the Company to its subsidiaries and were designated as part of the Group's net investment of subsidiaries in prior years for which settlement is neither planned nor likely to occur in the foreseeable future.

The Company's amounts due from subsidiaries that are impaired at the reporting date and the movement of the allowances accounts used to record the impairment are as follows:

	Company		
	2021	2020	2019
	RM'000	RM'000	RM'000
At beginning of financial year	7,955	6,342	4,168
Addition during the year (Note 5)	1,397	1,613	2,174
At end of financial year	9,352	7,955	6,342

17. INVENTORIES

	Group	
	2021	2020
	RM'000	RM'000
At cost:		
Raw materials	79,755	56,287
Work-in-progress	70,085	64,127
Finished goods	41,741	39,694
Consumables	22,510	23,599
	214,091	183,707
At net realisable value:		
Work-in-progress	7,087	10,094
Finished goods	12,955	13,649
	20,042	23,743
	234,133	207,450

During the financial year, RM 1,069 million (2020: RM1,034 million) was recognised as an expense in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021

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18. TRADE AND OTHER RECEIVABLES

	Group	
	2021	2020
	RM'000	RM'000
Current		
Trade receivables		
Third parties	215,112	241,199
Other receivables		
Sundry receivables	4,818	4,623
Staff advances	96	2
Deposits	1,134	1,184
Reimbursement of cost recoverable from customer	5,483	-
	226,643	247,008
Total trade and other receivables	226,643	247,008
Add:		
Cash and bank balances (Note 21)	271,808	283,033
Total financial assets at amortised cost	498,451	530,041

(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	
	2021	2020
	RM'000	RM'000
Neither past due nor impaired	161,051	192,732
1 to 30 days past due but not impaired	53,644	46,533
31 to 60 days past due but not impaired	306	1,867
61 to 90 days past due but not impaired	-	2
More than 91 days past due but not impaired	111	65
	54,061	48,467
Impaired	-	-
	215,112	241,199

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
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18. TRADE AND OTHER RECEIVABLES *cont'd*

(a) Trade receivables *cont'd*

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 54,061,000 (2020: RM48,467,000) 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.

19. OTHER CURRENT ASSETS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Prepayments	7,966	9,484	246	871
Contract assets (Note 4(b))	9,554	4,456	-	-
	17,520	13,940	246	871

Contract assets represent production line set up cost incurred for the manufacturing of certain goods which are deferred and recognised as cost of sales when the goods are sold.

20. SHORT TERM FUNDS

	Group	
	2021	**2020**
	RM'000	**RM'000**
At fair value		
Short term funds	47,813	46,941

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
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21. CASH AND BANK BALANCES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current:				
Cash on hand and cash at bank	251,732	68,687	100,986	4,850
Repurchase agreements	11,010	9,300	-	-
Fixed deposits with commercial banks	-	196,051	-	-
Cash and cash equivalents	262,742	274,038	100,986	4,850
Deposit for more than 3 months maturity period with a licensed bank	7,468	7,300	7,468	7,300
	270,210	281,338	108,454	12,150
Non-current:				
Restricted bank deposits	1,598	1,695	-	-
Total cash and bank balances (Notes 16 and 18)	271,808	283,033	108,454	12,150

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	
	2021	2020	2021	2020
	%	%	Days	Days
Repurchase agreements	1.50	1.50	1 - 30	1 - 30
Fixed deposits with commercial banks	-	1.65 - 1.90	-	30 - 365
Restricted bank deposits	1.45	1.45	>365	>365

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
cont'd

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payable				
Third parties	120,712	114,873	-	-
Other payables				
Sundry payables	10,934	10,391	-	19
Provision of cost on compliance to Responsible Business Alliance ("RBA") code of conduct	16,977	-	-	-
Accruals	22,937	16,985	850	900
Employee benefits (Note 24)	27	176	-	-
Amount due to SDM (Note 14(ii))	3,232	-	-	-
	54,107	27,552	850	919
Total trade and other payables	174,819	142,425	850	919
Add:				
Borrowings (Note 23)	96,038	62,740	-	-
Lease liabilities (Note 26)	5,786	5,355	-	-
Less:				
Employee benefits (Note 24)	(27)	(176)	-	-
Provision of cost on compliance to Responsible Business Alliance ("RBA") code of conduct	(16,977)	-	-	-
Total financial liabilities carried at amortised cost	259,639	210,344	850	919

(a) Trade payable

Trade payables are unsecured, non-interest bearing and the normal trade credit terms granted to the Group is two months.

(b) Provision of cost on compliance to RBA's code of conduct

The provision of cost on compliance to RBA's code of conduct provided in current financial year is relating to the reimbursement of recruitment fee to foreign workers.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
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23. BORROWINGS

	Group	
	2021	2020
	RM'000	RM'000
Current		
Unsecured:		
Term loan	4,280	1,935
Bills payable	-	15,945
Foreign currency trade loans	91,758	44,860
	96,038	62,740

The interest rates at the reporting date for borrowings were as follows:

	Group	
	2021	2020
Term loan	3.80	3.80
Bills payable	-	1.25 - 1.30
Foreign currency trade loans	0.48 - 0.68	0.45 - 0.97

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	
	2021	2020
	RM'000	RM'000
At beginning of financial year	62,740	47,517
Drawdown of foreign currency trade loans	32,065	15,644
Effect of exchange rate differences	1,233	(421)
At end of financial year	96,038	62,740

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
cont'd

24. 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	
	2021	**2020**
	RM'000	**RM'000**
Current liability		
Present value of unfunded obligations (Note 22)	27	176
Non-current liability		
Present value of unfunded obligations	2,107	4,753
Total present value of defined benefit obligation	2,134	4,929
Movement in the present value of defined benefit obligation		
At beginning of financial year	4,929	5,248
Recognised in the profit or loss (Note 6)	(2,442)	209
Utilised during the year	(242)	(309)
Exchange differences	(111)	(219)
At end of financial year	2,134	4,929
Expenses recognised in profit or loss		
Past service costs	(3,194)	-
Current service costs	697	107
Interest expense	55	102
	(2,442)	209

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:

	2021	**2020**
Discount rate at 30 September	1.10%	1.97%
Rate of future salary increases	3.00%	3.00%

24. LONG TERM EMPLOYEE BENEFITS *cont'd*

A quantitative sensitivity analysis for significant assumptions as at 30 September is shown below:

	Decrease/ (Increase) in loss net of tax 2021 RM'000	Increase/ (decrease) in profit net of tax 2020 RM'000
Discount rate:		
1% increase	82	530
1% decrease	(89)	(629)
Rate of future salary increases:		
1% increase	(79)	(616)
1% decrease	75	530

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:

	2021 RM'000	2020 RM'000
Within the next 12 months	27	176
Between 2 and 5 years	1,117	682
Between 5 and 10 years	865	1,569
Beyond 10 years	125	2,502
Total expected payments	2,134	4,929

25. DEFERRED TAX LIABILITIES

	Group	
	2021 RM'000	2020 RM'000
At beginning of financial year	(10,458)	(1,040)
Recognised in profit or loss (Note 9)	(1,132)	(9,336)
Translation difference	5	(82)
At end of financial year	(11,585)	(10,458)

NOTES TO THE FINANCIAL STATEMENTS

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25. 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
2021	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Deferred tax (liabilities)/assets				
At beginning of financial year	(26,164)	13,797	1,909	(10,458)
Recognised in profit or loss	(2,531)	(1,332)	2,731	(1,132)
Translation difference	-	(11)	16	5
At end of financial year	(28,695)	12,454	4,656	(11,585)
2020				
Deferred tax (liabilities)/assets				
At beginning of financial year	(19,621)	17,868	713	(1,040)
Recognised in profit or loss	(6,543)	(3,981)	1,188	(9,336)
Translation difference	-	(90)	8	(82)
At end of financial year	(26,164)	13,797	1,909	(10,458)

	Group	
	2021	**2020**
	RM'000	**RM'000**
Presented after appropriate offsetting as follows:		
Deferred tax assets	440	3,326
Deferred tax liabilities	(12,025)	(13,784)
At end of financial year	(11,585)	(10,458)

At the reporting date, the Group had tax losses of approximately RM212 million (2020: RM153 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 year the loss is incurred or the expiry of the full tax exemption period as disclosed in Note 9.

26. 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 13.

	Group	
	2021	2020
	RM'000	RM'000
Current		
Lease liabilities	1,454	961
Non-current		
Lease liabilities	4,332	4,394
Total lease liabilities	5,786	5,355

The remaining maturities of the lease liabilities are as follows:

	Group	
	2021	2020
	RM'000	RM'000
Within one year	1,454	961
More than 1 year and less than 2 years	1,687	974
More than 2 year and less than 5 years	2,645	3,420
	5,786	5,355

At the reporting date, the interest rate of the lease liabilities ranged from 4.3% to 5.525% (2020: 4.3% to 5.42%).

The movement of lease liabilities during the financial year is as follows:

	Group	
	2021	2020
	RM'000	RM'000
At 1 October	5,355	-
Effect of MFRS 16 Lease adoption	-	6,120
At 1 October	5,355	6,120
Additional lease liabilities	1,514	-
Interest expense on lease liabilities (Note 8)	271	250
Payments of:		
- Principal	(1,307)	(933)
- Interest (Note 8)	(271)	(250)
Exchange differences	224	168
At 30 September	5,786	5,355

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27. ASSETS HELD FOR SALE

	Group 2021 RM'000	Group 2020 RM'000
Net carrying amount upon classification as held for sales	912	-
Less: Write down (Note 5)	(522)	-
	390	-

On 28 September 2021, one of the subsidiaries, YQ Technology (Jiangsu) Co. Ltd., has entered into sale and purchase agreement to dispose machinery for RM 390,000.

Immediately before the classification of machinery as assets held for sale, no impairment loss was identified. Following the classification, a write down of RM 522,000 was recognised on 28 September 2021 to reduce the carrying amount of the assets to their fair value less costs to sell. This was recognised in the statement of profit or loss. Fair value measurement disclosures are disclosed in Note 34.

The disposal has been completed subsequent to year end.

28. SHARE CAPITAL

	Number of ordinary shares		Amount	
	Share capital (Issued and fully paid) '000	Treasury shares '000	Share capital (Issued and fully paid) RM'000	Treasury shares RM'000
Issued and paid up				
2021				
At beginning of financial year	2,109,417	(15,947)	544,871	(15,584)
Exercise of employee share options during the year	17,040	-	4,260	-
At end of financial year	2,126,457	(15,947)	549,131	(15,584)
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)

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28. SHARE CAPITAL *cont'd*

(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.

29. OTHER RESERVES

(a) Employee share options reserve

Employee share options reserve arises from equity-settled share options granted to employees (Note 31). 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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Movement				
At 1 October	5,270	4,473	5,270	4,473
Recognised during the year	-	797	-	79
Reduction due to liquidation of a foreign subsidiary	(386)	-	(386)	-
Charged back to subsidiaries	-	-	-	718
At 30 September	4,884	5,270	4,884	5,270

(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.

30. RETAINED EARNINGS

The entire retained earnings of the Company as at 30 September 2021 and 30 September 2020 may be distributed as dividends under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
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31. EXECUTIVES' SHARE OPTIONS SCHEME

In prior 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 vested on 8 October 2018, 1 October 2019 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	
	2021	**2020**
	('000)	**('000)**
Outstanding at beginning of financial year	23,142	64,890
- Exercised	(17,040)	(32,558)
- Forfeited	-	(9,190)
Outstanding at end of financial year	6,102	23,142
Exercisable at end of financial year	6,102	23,142

There was 17,039,800 shares (2020: 32,558,000) exercised in current financial year.

The weighted average share price at the date of exercise of the options exercised during the financial year was RM0.59 (2020: RM0.50)

32. COMMITMENTS

Committed capital expenditure as at the reporting date is as follows:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Approved and contracted for:		
Property, plant and equipment	7,481	10,874

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
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33. RELATED PARTY DISCLOSURES

(a) Sales and purchases of goods and services

	Company	
	2021	2020
	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 2021:

- Guarantee to utilities providers, RM11,718,000 (2020: RM10,410,000). No liability is expected to arise from the guarantee.

- Guarantee to customs for potential claims and taxes, RM550,000 (2020: RM550,000). No liability is expected to arise from the guarantee.

The Company has assessed the guarantees provided and concluded that the guarantees are not likely to be called upon by the respective counterparties and accordingly did not recognise the guarantees as financial liabilities as at the reporting date.

34. 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	20
Trade and other receivables	18
Trade and other payables	22
Borrowings	23

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
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34. FAIR VALUE *cont'd*

(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 2021 and 2020.

(iii) Assets held for sale

The assets held for sale are valued based on the price quoted in the sale and purchase agreement at the reporting date. The fair value measurement of the Group's assets held for sale are categorised within Level 3 of the fair value hierarchy.

35. 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.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

Group

30 September 2021			**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)	161,051	53,644	306	111	215,112
Expected credit loss (RM'000)	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021
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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(a) Credit risk *cont'd*

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	241,199
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 RM96,038,000 (2020: RM62,740,000) relating to corporate guarantees provided by the Company to banks for credit facilities granted to a subsidiary. As at 30 September 2021 and 2020, the Company has not recognised any financial liability relating to corporate guarantees given to subsidiary as the subsidiary did not default on any credit facilities.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 18(a).

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			
	2021		**2020**	
	RM'000	**% of total**	**RM'000**	**% of total**
By country:				
Malaysia	6,456	3	3,659	2
Singapore	11,567	6	9,815	4
Thailand	192,059	89	227,384	94
Other countries	5,030	2	341	0
	215,112	100	241,199	100

At the reporting date, approximately 89% (2020: 96%) of the Group's trade receivables were due from 3 (2020: 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 18. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
cont'd

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(a) Credit risk *cont'd*

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18(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.

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'000	One to five years RM'000	Total RM'000
2021			
Group			
Financial liabilities			
Trade and other payables	157,815	-	157,815
Loans and borrowings	96,038	-	96,038
Lease liabilities	1,679	4,575	6,254
Total undiscounted financial liabilities	255,532	4,575	260,107
Company			
Financial liabilities			
Trade and other payables	850	-	850
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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
cont'd

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(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 and the Company's significant interest-bearing financial instruments mainly consist of deposit placements and interest-bearing debt and are at fixed interest rate. As such, the interest rate risk is minimal to the Group and the Company.

(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 68% (2020: 67%) of the Group's sales are denominated in foreign currencies whilst 50% (2020: 51%) 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 USD) amount to RM80,824,000 (2020: RM35,680,000).

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			
	Thai Baht	**Ringgit Malaysia**	**Chinese Renminbi**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net financial assets/(liabilities) held in non-functional currency				
2021				
United States Dollars	(164,167)	257,918	(13,887)	79,864
Singapore Dollars	(108)	(6,478)	-	(6,586)
Thai Baht	-	(451)	-	(451)
Others	-	-	-	-
	(164,275)	250,989	(13,887)	72,827

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
cont'd

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(d) Foreign currency risk *cont'd*

	Functional currency of group companies			
	Thai Baht	Ringgit Malaysia	Chinese Renminbi	Total
	RM'000	RM'000	RM'000	RM'000
Net financial assets/(liabilities) held in non-functional currency *cont'd*				
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

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (loss)/profit 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	
		Decrease/ (Increase) in loss net of tax	Increase/ (decrease) in profit net of tax
		2021	2020
		RM'000	RM'000
USD/RM	- strengthened 10% (2020: 10%)	25,792	49,341
	- weakened 10% (2020: 10%)	(25,792)	(49,341)
USD/Baht	- strengthened 10% (2020: 10%)	(16,417)	(18,187)
	- weakened 10% (2020: 10%)	16,417	18,187
USD/RMB	- strengthened 10% (2020: 10%)	(1,389)	(1,858)
	- weakened 10% (2020: 10%)	1,389	1,858
SGD/RM	- strengthened 10% (2020: 10%)	(648)	(749)
	- weakened 10% (2020: 10%)	648	749
SGD/Baht	- strengthened 10% (2020: 10%)	(11)	(536)
	- weakened 10% (2020: 10%)	11	536
Baht/RM	- strengthened 10% (2020: 10%)	(45)	(43)
	- weakened 10% (2020: 10%)	45	43

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
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36. 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 2021 and 30 September 2020.

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.

		Group		Company	
	Note	2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Lease liabilities	26	5,786	5,355	-	-
Borrowings	23	96,038	62,740	-	-
Trade and other payables	22	174,819	142,425	850	919
Less: Cash and bank balances	21	(271,808)	(283,033)	(108,454)	(12,150)
Net debt/(cash)		4,835	(72,513)	(107,604)	(11,231)
Equity attributable to the owners of the parent, represents total capital		868,196	923,090	728,857	724,001
Capital and net debt		873,031	850,577	621,253	712,770
Gearing ratio		0.6%	N/A	N/A	N/A

37. SEGMENT INFORMATION

The Group's activities are predominantly in the trading, manufacturing and assembling of HDD components and other mechanical 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 2021
cont'd

37. 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 2021					
Revenue					
Sales to external customers	743,216	307,491	4,543	-	1,055,250
Inter-segment sales	173,845	-	-	(173,845)	-
Total revenue	917,061	307,491	4,543	(173,845)	1,055,250
Results					
Segment results	25,375	(49,209)	24,939	(33,958)	(32,853)
Finance costs	(885)	(573)	(589)	174	(1,873)
Profit/(Loss) before tax	24,490	(49,782)	24,350	(33,784)	(34,726)
Income tax	1,346	(2,410)	119	300	(645)
Profit/(Loss) net of tax	25,836	(52,192)	24,469	(33,484)	(35,371)
Assets and liabilities					
Segment assets	1,694,706	198,725	279,975	(1,014,435)	1,158,971
Segment liabilities	266,514	191,167	257,917	(424,823)	290,775
Other segment information					
Depreciation	21,846	16,982	1,338	(313)	39,853
Amortisation	819	323	952	-	2,094

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
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37. SEGMENT INFORMATION *cont'd*

	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

38. 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.

Part of the Group's operations were affected by orders to reduce operational capacity by the authorities. Due to positive COVID-19 cases, some of the facilities of the Group were also ordered to cease operations temporarily. Despite that, the lockdowns and movement restrictions did not cause substantial interruption to the operations of the Group and Group's revenue was not materially affected. However, the Group incurred additional costs in compliance to regulations and standard operating procedures amid the COVID-19 Pandemic.

During the financial year, the Group had facilitated essentially all the workers to be fully vaccinated against the COVID-19 and will continue to provide facilitation to all the workers for additional booster vaccination.

The COVID-19 Pandemic has impacted many aspects of the global economies. The changes in monetary policies by many countries had led to, and may lead to further, fluctuations in currencies exchange rates that may have significant impacts on the Group's reporting results for the financial year ending 2022.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 September 2021
cont'd

38. EFFECT OF COVID-19 PANDEMIC *cont'd*

Amid the COVID-19 Pandemic and the distortion of supplies and demands of many commodity materials, some of the raw material costs of the Group had increased substantially in current financial year and the high material costs are expected to bring a heavier burden on the cost of material consumption for the Group in the financial year ending 2022.

The Group had assessed the financial effect of the COVID-19 Pandemic and taken into consideration in the assessment of impairment on property, plant and equipment and rights of use and expected credit loss.

39. SIGNIFICANT EVENTS

(i) Realignment of its customer base ("Realignment")

During 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 financial year ended 30 September 2020. The stop purchase by the major customer had a negative impact on the Group's revenue and cost of production for the current financial year ended 30 September 2021.

During the current financial year, the Group has also commenced a major realignment of its customer base ("Realignment") for which the Group had committed a significant amount of capital and resources and was ramping up production for certain components, including a new range of products for these customers.

The Realignment had progressed smoothly and substantially completed in the last quarter of current financial year. The Group is expected to garner new sources of revenue that would potentially exceed the revenue lost from the customer that had stopped purchases from the Group.

(ii) Business combination

On 13 January 2020, the Company entered into a Business Sales Agreement ("BSA") with SDM Casting Precision Sdn. Bhd. ("SDM") to acquire SDM's manufacturing of automotive components business ("Automotive Components Business"), which includes its fixed assets, goodwill of the business of trading and manufacturing in aluminium die-casting industries, the customer and supplier contacts, and supply contracts with major customers.

Based on supplemental agreement dated 19 February 2021, the total purchase consideration for the acquisition is RM5,385,900 and is satisfied via a combination of deposit amounting to RM600,000 and balance purchase price of RM4,785,900. The balance purchase price consists of first tranche payment of RM1,554,360 and 4 equal instalments of RM807,885, which will be paid progressively by the Group from the execution of supply agreements between the Group and each of the major customers.

The BSA had been completed on 2 March 2021 and at the same time, the Company novated the full rights and obligations under the BSA to one of the subsidiaries, JCY Auto Sdn. Bhd. ("JCY Auto") through a tripartite novation agreement between JCY Auto, SDM and the Company. As at 30 September 2021, total payment of RM2,154,360 has been paid. The balance purchase consideration has yet to be made as at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021

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40. RESTATEMENTS

During current financial year, the Company had made the following restatements:

(a) The amounts due from certain subsidiaries as at 30 September 2020 and 1 October 2019 have been reclassified from current to non-current as it represents advances given by the Company to its subsidiaries which were designated as part of the Group's net investment of subsidiaries in prior years for which settlement is neither planned nor likely to occur in the foreseeable future.

(b) Reclassification of comparatives to conform with current year presentation.

The opening retained earnings and net assets as at 1 October 2019 and 30 September 2020 were not affected by these reclassifications.

	As previously stated	Adjustment (a)	Adjustment (b)	As restated
	RM	RM	RM	RM
	RM'000	RM'000	RM'000	RM'000
Statement of Financial Position As at 30 September 2020				
Company				
Non-current				
Due from subsidiaries	-	247,492	-	247,492
Current				
Trade and other receivables	248,088	(247,492)	(596)	-
Due from subsidiaries	-	-	596	596
Statement of Financial Position As at 1 October 2019				
Company				
Non-current				
Due from subsidiaries	-	210,188	-	210,188
Current				
Trade and other receivables	210,188	(210,188)	-	-

41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 September 2021 were authorised for issue in accordance with a resolution of the directors on 20 January 2022.

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 2021 (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	19.5 years	3,486,000
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	20 years	3,819,000
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	19 years	9,670,000
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	19 years	4,190,000
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	16.5 years	12,331,000
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	11 years	26,997,000

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 2021 (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	19 years	9,604,000
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	18 years	3,600,000
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	11 years	13,131,000
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	15.5 years	20,800,000
11	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	14 years	38,347,000

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 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 Securities.

Bursa 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 2021, being the latest practicable date prior to the date of this Statement ("**LPD**"), the total number of issued shares of the Company stood at 2,126,496,800 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 212,649,680 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 Fifteenth 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, 49,637,800 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 16th 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 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 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 2021, the retained profits of the Company stood at RM190,426,000.

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.

SHARE BUY-BACK STATEMENT
cont'd

2.3 Pricing

Pursuant to the provisions of the Listing Requirements, the Company may only purchase its own shares on Bursa 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 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 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.

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.

SHARE BUY-BACK STATEMENT
cont'd

	No. of Shares	
	Minimum scenario	Maximum scenario
Total number of issued Shares as at LPD	2,126,496,800	2,126,496,800
Number of Shares to be issued arising from the exercise of ESOS Options	-	67,170,000
	2,126,496,800	2,193,666,800
Less: 10% of the total number of shares purchased and cancelled	(212,649,680)	(219,366,680)
Total number of issued shares after the Proposed Share Buy-Back	1,913,847,120	1,974,300,120

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 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.

SHARE BUY-BACK STATEMENT
cont'd

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:

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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	6,000,000	0.28	-	-	6,000,000	0.31	-	-
Chang Wei Ming	300,000	0.01	-	-	300,000	0.02	-	-
Chan Boon Hui	-	-	-	-	-	-	-	-
Gouw Kim San	-	-	-	-	-	-	-	-

	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	71.82	-	-	1,515,833,052	79.20	-	-
Yong Yoon Kiong *	-	-	1,515,833,052	71.82	-	-	1,515,833,052	79.20
Liew Wan *	-	-	1,515,833,052	71.82	-	-	1,515,833,052	79.20
Jeremy Yong Wei Quan *	-	-	1,515,833,052	71.82	-	-	1,515,833,052	79.20
Cheryl Yong Sunn Sunn *	-	-	1,515,833,052	71.82	-	-	1,515,833,052	79.20

Note:

** Deemed interested by virtue of his/her interest in YKY Investments Ltd.*

SHARE BUY-BACK STATEMENT
cont'd

Maximum scenario: Assuming that all the ESOS Options are fully exercised as at LPD and the Proposed Share Buy-back is implemented in full.

	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	
Directors	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	6,000,000	0.28	-	-	6,000,000	0.28	-	-	6,000,000	0.30	-	-
Chang Wei Ming	300,000	0.01	-	-	300,000	0.01	-	-	300,000	0.02	-	-
Chan Boon Hui	-	-	-	-	250,000	0.01	-	-	250,000	0.01	-	-
Gouw Kim San	-	-	-	-	-	-	-	-	-	-	-	-

	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	
Substantial Shareholders	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	71.82	-	-	1,515,833,052	69.61	-	-	1,515,833,052	76.78	-	-
Yong Yoon Kiong *	-	-	1,515,833,052	71.82	-	-	1,515,833,052	69.61	-	-	1,515,833,052	76.78
Liew Wan *	-	-	1,515,833,052	71.82	-	-	1,515,833,052	69.61	-	-	1,515,833,052	76.78
Jeremy Yong Wei Quan *	-	-	1,515,833,052	71.82	-	-	1,515,833,052	69.61	-	-	1,515,833,052	76.78
Cheryl Yong Sunn Sunn *	-	-	1,515,833,052	71.82	-	-	1,515,833,052	69.61	-	-	1,515,833,052	76.78

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 27.55%. 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 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 Securities. Hence, the Proposed Share Buy-back is not expected to have any potential material disadvantage to the Company and the shareholders.

SHARE BUY-BACK STATEMENT
cont'd

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.

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 Fifteenth AGM held on 25 February 2021 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 Securities for the last twelve (12) months from January 2021 to December 2021 are as follows:

2021	Highest (RM)	Lowest (RM)
January	0.585	0.415
February	0.460	0.390
March	0.395	0.350
April	0.475	0.360
May	0.450	0.340
June	0.400	0.360
July	0.380	0.345
August	0.355	0.315
September	0.345	0.305
October	0.325	0.295
November	0.345	0.300
December	0.320	0.300

The last transacted price of JCY Shares on the LPD was RM0.320.

(Source: Investing.com)

SHARE BUY-BACK STATEMENT
cont'd

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.

11. APPROVAL REQUIRED

The Proposed Renewal of Authority for Share Buy-back is subject to the approval of the shareholders at the forthcoming 16^{th} 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 16^{th} 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 2021, 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 16th AGM:-

(a) Company's Constitution; and

(b) The audited financial statements of the Company for the past two (2) financial years ended 30 September 2020 and 30 September 2021.

STATISTICS OF SHAREHOLDINGS

As at 31 December 2021

Number of Issued Share Capital	:	2,126,496,800 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	15	0.09	278	0.00
100 – 1,000	1,616	9.20	1,135,702	0.05
1,001 – 10,000	8,498	48.36	52,139,868	2.47
10,001 – 100,000	6,602	37.57	226,988,700	10.75
100,001 – 105,527,504 (*)	840	4.78	314,802,500	14.92
105,527,505 and above (**)	1	0.01	1,515,483,052	71.81
TOTAL	17,572	100.00	2,110,550,100	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 2021.*

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 2021 are as follows:-

	No. of Shares			
Substantial Shareholders	Direct	%#	Indirect	%#
YKY Investments Ltd	1,515,833,052	71.82	-	-
Yong Yoon Kiong*	-	-	1,515,833,052	71.82
Liew Wan*	-	-	1,515,833,052	71.82
Cheryl Yong Sunn Sunn*	-	-	1,515,833,052	71.82
Jeremy Yong Wei Quan*	-	-	1,515,833,052	71.82

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 2021*

STATISTICS OF SHAREHOLDINGS
As at 31 December 2021
cont'd

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of JCY as at 31 December 2021 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	6,000,000	0.28	-	-
Chang Wei Ming	300,000	0.01	-	-
Chan Boon Hui	-	-	-	-
Gouw Kim San	-	-	-	-

THIRTY LARGEST SECURITIES ACCOUNT HODLERS BASED ON RECORD OF DEPOSITORS AS AT 31 DECEMBER 2021
(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	71.81
2.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *CIMB FOR DATO' TAN SHIH LENG (PB)*	6,000,000	0.28
3.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. *KHO CHAI YAM*	5,800,000	0.27
4.	HSBC NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)*	5,560,000	0.26
5.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TAN FEE PING*	4,916,300	0.23
6.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *CIMB BANK FOR DATO' WONG KING KHENG (PB)*	4,800,000	0.23
7.	LIM BEE SAN	4,274,100	0.20
8.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TEH SWEE HENG (MM1118)*	3,900,000	0.18
9.	YAP LIM YORK	3,700,000	0.18
10.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	3,569,800	0.17
11.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *CIMB FOR CHOW CHONG CHEK (PB)*	3,500,000	0.17
12.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	3,416,300	0.16
13.	LIM HOCK LEONG	3,160,800	0.15
14.	YEE CHIN CHIN	3,100,000	0.15

STATISTICS OF SHAREHOLDINGS

As at 31 December 2021

cont'd

THIRTY LARGEST SECURITIES ACCOUNT HODLERS BASED ON RECORD OF DEPOSITORS AS AT 31 DECEMBER 2021 *cont'd*

(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares	%
15.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHANG FOK CHIN*	2,980,000	0.14
16.	CGS-CIMB NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)*	2,838,800	0.13
17.	TAI CHIN OON	2,489,000	0.12
18.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR WONG ENGINEERING CORPORATION BERHAD*	2,300,000	0.11
19.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR GOH CHING MUN*	2,200,000	0.10
20.	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. *MAYBANK KIM ENG SECURITIES PTE LTD FOR YANG CHENG HONG*	2,100,000	0.10
21.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TEH SHIOU CHERNG (J D B TUNGGAL BR-CL)*	2,000,000	0.09
22.	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. *MAYBANK KIM ENG SECURITIES PTE LTD FOR CHEW YIN HOU ANDREW*	2,000,000	0.09
23.	TAN SENG YEN	1,880,000	0.09
24.	ZAIANUDDIN BIN MOHAMED	1,800,000	0.09
25.	DR. ROZALI BIN MOHAMED ALI	1,750,000	0.08
26.	HLIB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR ONG ENG LEE*	1,700,000	0.08
27.	LOW LAY PING	1,700,000	0.08
28.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR KHO CHAI YAM*	1,650,000	0.08
29.	TAN CHOO MIT	1,647,200	0.08
30.	RHB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHAN JIAN CHERN*	1,556,100	0.07
	TOTAL	**1,603,771,452**	**75.99**

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting ("**16th 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, 24 February 2022 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 September 2021 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 RM840,000.00 for the financial year ended 30 September 2021. ***(Resolution 1)***

3. To approve the payment of Directors' benefits of up to RM300,000.00 from 25 February 2022 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) YBhg. Dato' Wong King Kheng; and ***(Resolution 3)***
   (b) Mr. Chan Boon Hui. ***(Resolution 4)***

5. 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 5)***

<u>**As Special Business**</u>

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

6. **ORDINARY RESOLUTION 1 -**

   APPROVAL TO CONTINUE IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE CHAIRMAN ***(Resolution 6)***

   "**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."

7. **ORDINARY RESOLUTION 2 -**

   APPROVAL TO CONTINUE IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR ***(Resolution 7)***

   "**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 an Independent Non-Executive Director of the Company in accordance with the Malaysian Code of Corporate Governance."

8. **ORDINARY RESOLUTION 3 -**

   APPROVAL TO CONTINUE IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR ***(Resolution 8)***

   "**THAT** subject to the passing of Ordinary Resolution 4, 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 the Senior Independent Non-Executive Director of the Company in accordance with the Malaysian Code of Corporate Governance."

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING
cont'd

9. **ORDINARY RESOLUTION 4 -**

AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO THE COMPANIES ACT 2016 *(Resolution 9)*

"**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("**Bursa 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 twenty percent (20%) of the total number of issued shares (excluding treasury shares) of the Company for the time being to be utilised until 31 December 2022 as empowered by Bursa Securities pursuant to its letters dated 16 April 2020 and 23 December 2021 to grant additional temporary relief measures to listed issuers and thereafter ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being as stipulated under Paragraph 6.03(1) of the Bursa Securities Main Market Listing Requirements to be utilised before the conclusion of the next Annual General Meeting of the Company after such approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier ("hereinafter referred to as the "**General Mandate**");

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued pursuant to the General Mandate on Bursa 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."

10. **ORDINARY RESOLUTION 5 -**

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY) *(Resolution 10)*

"**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 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 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 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 SIXTEENTH 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 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 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."

11. **ORDINARY RESOLUTION 6 -**

PROPOSED ALLOCATION OF EXECUTIVES' SHARES OPTION SCHEME OPTIONS ("ESOS") TO MR. GOUW KIM SAN ***(Resolution 11)***

"**THAT** pursuant to the ESOS of the Company approved by the shareholders of the Company at the Extraordinary General held on 27 February 2018, approval be and is hereby given to the ESOS Committee from time to time throughout the duration of the ESOS, to offer and grant ESOS Option to Mr. Gouw Kim San, being the Executive Director cum Chief Operating Officer of the Company, provided that not more than 10% of the ESOS Options shall be allocated to him if he is a Director of the Company and/or he, either singly or collectively through persons connected to him, holds 20% or more of the total number of issued shares (excluding treasury shares, if any) of the Company, subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws."

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING
cont'd

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 2022

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.

2. ***Items 6 to 8 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. The Board recommends that Dr. Rozali Bin Mohamed Ali be retained as an Independent Non-Executive Chairman of the Company subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 5.3 of the Malaysian Code on Corporate Governance.

   (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. The Board recommends that Mr. Chan Boon Hui be retained as the Senior Independent Non-Executive Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 5.3 of the Malaysian Code on Corporate Governance.

   (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. The Board recommends that Mr. Chang Wei Ming be retained as an Independent Non-Executive Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 5.3 of the Malaysian Code on Corporate Governance.

3. ***Item 9 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 Sixteenth Annual General Meeting of the Company.

   *The Company had been granted a general mandate by its shareholders at the Fifteenth Annual General Meeting held on 25 February 2021 (hereinafter referred to as the "**Previous Mandate**").*

   The Previous Mandate granted by the shareholders had not been utilised, and therefore no proceed been raised pursuant to the Previous Mandate.

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING
cont'd

*As part of the initiative from Bursa Malaysia Securities Berhad ("**Bursa Securities**") to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Government, Bursa Securities had vide its letters dated 16 April 2020 and 23 December 2021, allow a listed issuer to seek a higher general mandate under Paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities of not more than 20% of the total number of issued shares (excluding treasury shares) for the issue of new securities ("**20% General Mandate**").*

*The 20% General Mandate may be utilised to issue the new securities until 31 December 2022, and thereafter the 10% of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Securities shall apply ("**10% General Mandate**"). The 20% General Mandate and 10% General Mandate are sought to provide flexibility to the Company for allotment of shares without convening a general meeting, which may be both time and cost-consuming if the need arises.*

The Board, having considered the current and prospective financial position and future financial needs of the Group, is of the opinion that the 20% General Mandate is in the best interests of the Company and its shareholders. These 20% General Mandate and 10% General Mandate would provide the Company with additional fundraising flexibility to undertake fundraising activities in an expeditious and efficient manner. The fund raised may be used for the purpose of funding investment(s), working capital, and/or acquisition(s).

4. ***Item 10 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.

5. ***Item 11 of the Agenda – Proposed Allocation of Executives' Shares Options Scheme ("ESOS") Option to Mr. Gouw Kim San***

   The proposed adoption of ordinary resolution 11, if passed, will enable the Company to offer and grant ESOS options to Mr. Gouw Kim San, an Executive Director cum Chief Operating Officer of the Company, subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws of the ESOS of the Company. Mr. Gouw Kim San and persons connected to him shall abstain from voting on this resolution.

Notes:-

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 February 2022 ("**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.*

   As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 and its subsequent revisions, the right to speak is not limited to verbal communication only but includes other modes of expression.

   Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to eservices@sshsb.com.my during the Meeting. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/Board/Management during the Meeting.

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 16th 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 16th 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.**

Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

REQUIRE ASSISTANCE?

Please contact Mr. Wong Piang Yoong (DID: +603 2084 9168) or Ms. Lee Pei Yeng (DID: +603 2084 9169) or Ms. Evangeline Yeoh (DID: +603 2084 9007) 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) Sign up for a user account at 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) Sign up for a user account at Securities Services e-Portal	
Step 1 Visit https://sshsb.net.my/ Step 2 Sign up for a user account 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	• We require 1 working day to process all user sign-ups. If you do not have a user account with the e-Portal, you will need to sign up for a user account by the deadlines stipulated below. • Your registered email address is your User ID.

To register for the meeting under (B) or submit e-Proxy Form under (C) below, please sign up for a user account by 20 FEBRUARY 2022, failing which you may only be able to submit the hard copy proxy form.

This is a ONE-TIME sign up only. If you already have a user account, please proceed to either (B) or (C) below.

(B) Register for Remote Participation at the Meeting

- Log in to https://sshsb.net.my/ with your registered email and password
- Look for **JCY International Berhad** under Company Name and **16th AGM on 24 February 2022 at 10:00 a.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 at 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.

- All shareholders must register for remote participation at the meeting and are highly encouraged to register as early as possible and before the eLive access date and time [see (D) below] in order to ensure timely access to the meeting. Access shall be granted only to eligible shareholders in accordance with the General Meeting Record of Depositors as at 17 February 2022.
- 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, 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, 24 February 2022 at 10:00 a.m.	Tuesday, 22 February 2022 at 10:00 a.m.

- Log in to https://sshsb.net.my/ with your registered email and password
- Look for **JCY International Berhad** under Company Name and **16th AGM on 24 February 2022 at 10:00 a.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.

ADMINISTRATIVE GUIDE
cont'd

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 at 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 form submission closing date and time above.*
Step 2	Enter your CDS account number or the body corporate's CDS account number. Then enter the information of your proxy(ies) and the proportion of your securities to be represented by your proxy(ies). **You may 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 sign up as users of the e-Portal under (A) above by 20 FEBRUARY 2022. 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/ with your registered email and password

(D) Join the Live Stream Meeting (eLive)

Meeting Date and Time	eLive Access Date and Time
Thursday, 24 February 2022 at 10:00 a.m.	Thursday, 24 February 2022 at 9:30 a.m.

➢ Look for **JCY International Berhad** under Company Name and **16th AGM on 24 February 2022 at 10:00 a.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, 24 February 2022 at 10:00 a.m.	Thursday, 24 February 2022 at 10:00 a.m.

➢ If you are already accessing the Live Stream Meeting, click **Proceed to Vote** under the live stream player.
OR
➢ If you 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 **16th AGM on 24 February 2022 at 10:00 a.m. – Remote Voting** under Corporate Exercise / Event and click "**>**" to remotely cast and submit the votes online for the resolutions tabled at the meeting.

ADMINISTRATIVE GUIDE
cont'd

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).

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FORM OF PROXY

JCY International Berhad
[Registration No.: 200501031285 (713422-X)]
(Incorporated in Malaysia)

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 Sixteenth 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, 24 February 2022 at 10:00 a.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 2021 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 RM840,000.00 for the financial year ended 30 September 2021.	1		
3.	To approve the payment of Directors' benefits of up to RM 300,000.00.	2		
4.	To re-elect Dato' Wong King Kheng who is due to retire pursuant to Clause 113 of the Company's Constitution.	3		
5.	To re-elect Mr. Chan Boon Hui who due is to retire pursuant to Clause 113 of the Company's Constitution.	4		
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.	5		
Special Business				
7.	**Ordinary Resolution 1** To approve Dr. Rozali Bin Mohamed Ali to continue in office as an Independent Non-Executive Chairman of the Company.	6		
8.	**Ordinary Resolution 2** To approve Mr. Chang Wei Ming to continue in office as an Independent Non-Executive Director of the Company.	7		
9.	**Ordinary Resolution 3** To approve Mr. Chan Boon Hui to continue in office as an Independent Non-Executive Director of the Company.	8		
10.	**Ordinary Resolution 4** Authority to issue and allot shares pursuant to the Companies Act 2016	9		
11.	**Ordinary Resolution 5** Proposed renewal of authority for the Company to purchase its own shares	10		
12.	**Ordinary Resolution 6** Proposed allocation of Executives' Shares Option Scheme Options to Mr. Gouw Kim San	11		

As witness my/our hand(s) this day ________ of ______________________ 2022.

____
*Signature/Common Seal of Member

** Strike out whichever not applicable.*

Fold this flap for sealing

Notes:-

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 February 2022 ("**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.*

   As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 and its subsequent revisions, the right to speak is not limited to verbal communication only but includes other modes of expression.

   Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to eservices@sshsb.com.my during the Meeting. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/Board/Management during the Meeting.
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.*

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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

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 16th 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 16th AGM for further details.

www.jcyinternational.com

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