



*We Bring Possibilities*



# 5G

## The Future is Here

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**2019**  
ANNUAL REPORT

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[www.jftech.com.my](http://www.jftech.com.my)





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## Product Family

# SUPER HIGH PERFORMANCE TEST CONTACTING SOLUTIONS

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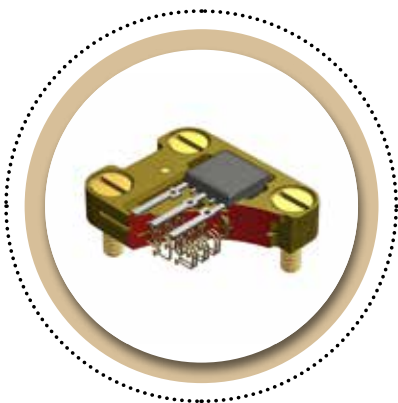
ZIGMA



ALPHA



GAMMA



THOR



EZ



ETA.5

## Corporate Information

### BOARD OF DIRECTORS

Datuk Phang Ah Tong  
(Independent Non-Executive Chairman)

Dato' Foong Wei Kuong  
(Managing Director)

Datin Wang Mei Ling  
(Executive Director)

Goh Kok Sing  
(Executive Director)

Dato' Philip Chan Hon Keong  
(Independent Non-Executive Director)

Koay Kah Ee  
(Senior Independent Non-Executive Director)

Lew Jin Aun  
(Independent Non-Executive Director)

### AUDIT COMMITTEE

Koay Kah Ee  
(Chairman)

Datuk Phang Ah Tong

Dato' Philip Chan Hon Keong

Lew Jin Aun

### NOMINATION COMMITTEE

Dato' Philip Chan Hon Keong  
(Chairman)

Datuk Phang Ah Tong

Koay Kah Ee

Lew Jin Aun

### REMUNERATION COMMITTEE

Koay Kah Ee  
(Chairman)

Datuk Phang Ah Tong

Dato' Philip Chan Hon Keong

Lew Jin Aun

### COMPANY SECRETARIES

Chua Siew Chuan, Chartered Secretary  
(MAICSA 0777689)

Chin Mun Yee, Chartered Secretary  
(MAICSA 7019243)

### REGISTERED OFFICE

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan  
Telephone No.: 03-2084 9000  
Facsimile No.: 03-2094 9940/2095 0292

### BUSINESS ADDRESS

Lot 6, Jalan Teknologi 3/6  
Taman Sains Selangor 1  
Kota Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No.: 03-6140 8668  
Facsimile No.: 03-6140 8998  
Email: sales@jftech.com.my  
Website: www.jftech.com.my

### REGISTRAR

Securities Services (Holdings) Sdn Bhd  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan  
Telephone No.: 03-2084 9000  
Facsimile No.: 03-2094 9940/2095 0292  
Website: www.sshsb.com.my

### AUDITORS

Crowe Malaysia PLT  
Level 16, Tower C, Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Wilayah Persekutuan  
Telephone No.: 03-2788 9999  
Facsimile No.: 03-2788 9998  
Website: www.crowe.com.my

### PRINCIPAL BANKERS

Malayan Banking Berhad  
AmBank (M) Berhad  
Public Bank Berhad

### SOLICITORS

Kilpatrick Townsend & Stockton LLP  
Skrine

### LISTING

ACE Market of Bursa Malaysia  
Securities Berhad

### STOCK NAME

JFTECH

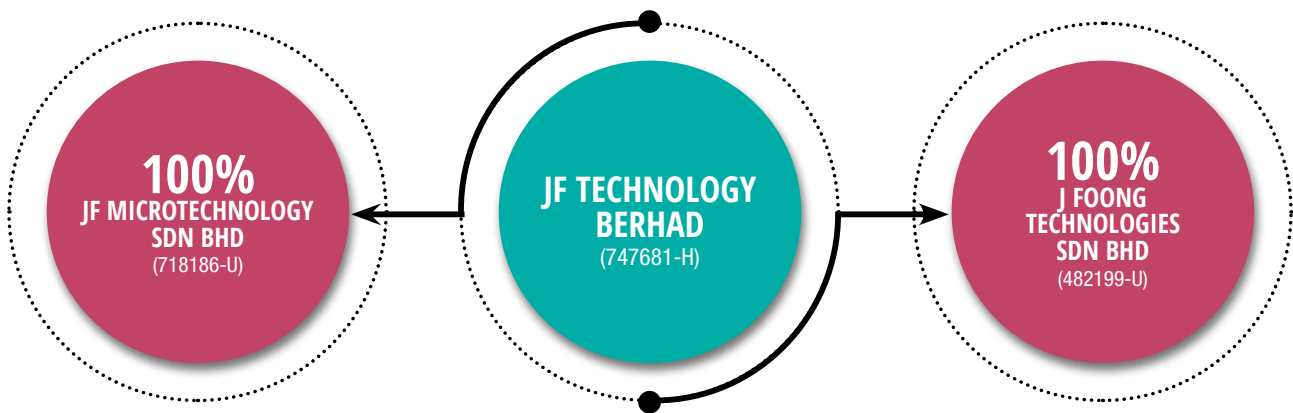
### STOCK CODE

0146

## Corporate Structure



*We Bring Possibilities*



JF Technology Berhad ("JF Tech") was incorporated in Malaysia on 18 September 2006 and listed on the MESDAQ Market (now known as the ACE Market) of Bursa Malaysia Securities Berhad in year 2008.

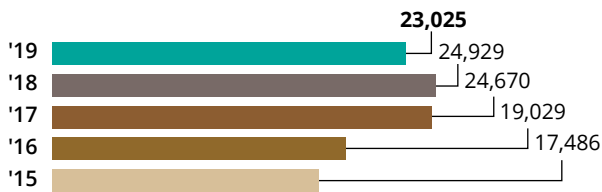
JF Tech is principally an investment holding company with two (2) wholly-owned subsidiaries namely, JF Microtechnology Sdn Bhd and J Foong Technologies Sdn Bhd.

The details of the subsidiaries of JF Tech as at the date of this Annual Report are summarised below:

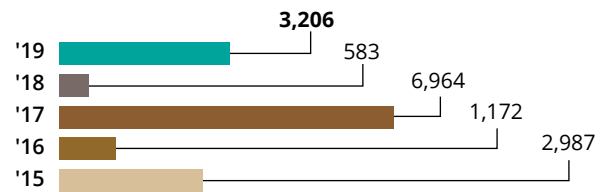
Company	Date/Place of Corporation	Issued and Paid-up Share Capital	Effective Equity Interest	Principle Activities
		RM	%	
JF MICROTECHNOLOGY SDN BHD (718186-U)	14-12-2005/ Malaysia	2,200,000	100	Design, development, custom manufacture and sale of integrated circuit test sockets, interconnect, test solutions, and equipment for semiconductor and electronic assembly markets
J FOONG TECHNOLOGIES SDN BHD (482199-U)	29-04-1999/ Malaysia	500,000	100	Manufacturing and trading of electronic products and components

## Group Financial Highlights

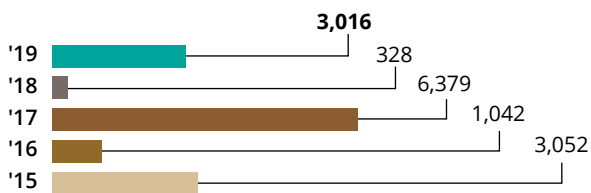
### REVENUE (RM'000)



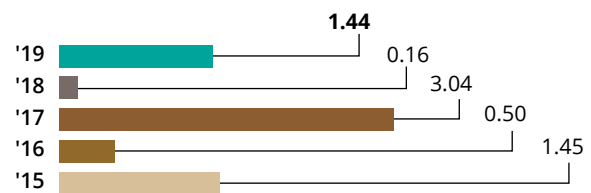
### PROFIT BEFORE TAXATION ("PBT") (RM'000)



### PROFIT AFTER TAXATION ("PAT") (RM'000)



### EARNINGS PER SHARE (sen)



	2019	2018	2017	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000

### STATEMENTS OF COMPREHENSIVE INCOME

Revenue	23,025	24,929	24,670	19,029	17,486
PBT	3,206	583	6,964	1,172	2,987
PAT	3,016	328	6,379	1,042	3,052

### STATEMENTS OF FINANCIAL POSITIONS

Share Capital	21,253	21,000	12,600	12,600	12,600
Total assets	44,718	41,083	38,543	33,048	33,067
Total liabilities	13,419	12,800	7,978	8,862	8,663

### OTHERS

Earnings per share (sen)	1.44	0.16	3.04	0.50	1.45
Net assets per share (sen)	14.90	13.47	14.55	11.52	11.62

## Management Discussion and Analysis

### OVERVIEW OF BUSINESS OPERATION

JF Technology Berhad ("**JF Tech**" or "**the Company**"), one (1) of the world's pre-eminent manufacturers of test contacting solutions in test sockets and contact pins for the Integrated Circuits ("**IC**") testing industry has reported a 820% increase in the profit after taxation ("**PAT**") to RM3.02 million for financial year ended 30 June 2019 ("**FYE 2019**") as compared to the preceding year corresponding period. Revenue was lowered by 8% to RM23.0 million in FYE 2019 primarily on exports to the China, United States and Southeast Asia arising from challenging market condition. The Group sees the increasingly growth in North Asia as its efforts to gains market share abroad has gained traction. Earnings before interest, tax, depreciation and amortisation ("**EBITDA**") increased 136% to RM4.6 million with an EBITDA margin of 20%.

Market growth of the Company was lower for the FYE 2019 due to the uncertainties from the prolonged US - China trade war and the lawsuit hearing. On 16 July 2019, the US Court of Appeals for the Federal Circuit has issued an order affirming the judgement in all respect of the District Court's decision on 19 June 2018. Johnstech International Corp. was awarded with damages amounting to USD1.52 million and this amount was provided for in the financial year ended 30 June 2018 ("**FYE 2018**").

Our test contacting solutions for automotive application contributed 43%, radio frequency ("**RF**") application

contributed 22% and original equipment manufacturer ("**OEM**") contributed 36% revenue respectively to the Company and its subsidiaries ("**the Group**") for FYE 2019. Automotive Test Socket solution contributed approximately 26% of all new projects for FYE 2019. For the mobile devices and internet of things ("**IoT**") segments, demand for our RF product lines such as Eta, EZ (replacement for the disputed Zigma) and others continued to be encouraging. Sales of the recurring and compounding consumables such as contact pins and elastomers have increased by 24% for FYE 2019 as compared to the preceding year. In addition, sales of OEM products have contributed 36% to the Group's revenue, mainly to domestic customers including leading test handler manufacturers, outsourced semi-conductor assembly and test providers (OSATs) and major multinational semi-conductor manufacturer companies in Malaysia and other geographic.

Excluding legal fees, the operating profit as measured by EBITDA was higher by 50% to RM6.8 million for FYE 2019 and EBITDA margin has now increased to 30% for FYE 2019 as compared to the preceding year.

Both subsidiaries of the Company, J Foong Technologies Sdn. Bhd. ("**J Foong**") and JF Microtechnology Sdn. Bhd. ("**JFM**") achieved re-certification of its latest ISO Quality System ISO9001:2015 which includes risk managements in the Quality Management System.





## Management Discussion and Analysis

### FINANCIAL REVIEW

#### Statements of Comprehensive Income

	2015	2016	2017	2018	2019	2019 vs 2018
	RM'000	RM'000	RM'000	RM'000	RM'000	+ / (-)
Revenue	17,486	19,029	24,670	24,929	23,025	-8%
Profit before taxation ("PBT")	2,987	1,172	6,964	583	3,206	450%
PAT	3,052	1,042	6,379	328	3,016	820%
Earnings per share ("EPS") (sen)	1.45	0.50	3.04	0.16	1.44	800%

Revenue recorded at RM23.0 million for FYE 2019 which was lowered by 8% as compared to the preceding year. PBT stood at RM3.20 million, representing an increase of 450% for the FYE 2019 as compared to the preceding year. During the FYE 2019, the Company has incurred approximately RM2.20 million on legal fees for the on-going lawsuit in US.

As a result of the increase in PAT for the FYE 2019, the basic EPS has increased to 1.44 sen for FYE 2019 as compared with the basic EPS of 0.16 sen for FYE 2018.

The main factors that contributed to the increase in PAT for FYE 2019 was due to an one-off provision of damages of RM6.12 million provided in FYE 2018 in respect of the US Court Order dated 6 August 2018.

#### Statement of Financial Position

	2015	2016	2017	2018	2019	2019 vs 2018
	RM'000	RM'000	RM'000	RM'000	RM'000	+ / (-)
Total assets	33,067	33,048	38,543	41,083	44,718	9%
Total liabilities	8,663	8,862	7,978	12,800	13,419	5%
Retained earnings	3,061	2,843	9,222	7,030	10,046	43%
Shareholders' equity	24,404	24,186	30,565	28,283	31,299	11%

On the balance sheet front, the financial position of the Group remained strong. The Group continued to maintain a robust position with a working capital of RM14.00 million as at 30 June 2019. Shareholders' equity has increased from RM28.30 million as at 30 June 2018 to RM31.3 million as at 30 June 2019.

The Group has negligible borrowings which places it in a strong position to obtain financing to fund future growth of its businesses and investments should there be any opportunities arises.

## Management Discussion and Analysis

### OPERATIONAL AND FINANCIAL RISKS

#### Operational Risks

##### (a) Competition Risk

The semi-conductor industry is highly competitive, subject to rapid technological changes and new product developments. Many of the Group's customers are multinational companies in Malaysia and overseas where the selection of the test contacting solutions for their manufacturing processes are based on stringent criteria such as high reliability and sustainability of test performance, good after sales service support and being current with the latest trend in IC packaging.

The Group is actively and continuously pursuing new product and technology innovations to address the increasing sophisticated needs of its customers. The Group's regular participations in overseas exhibitions have provided the opportunities for the Group to understand the latest market requirements and keep abreast of the current technological advancements.

Emphasis is also placed on continuous quality control to ensure that the products meet the customers' requirements. As the Group's products are highly customised, after sales service is critical to ensure smooth running at the customers' operations.

The Group will continue to strengthen its market position and expand the customers base.

##### (b) Intellectual Property Risk

As a technology company, the Group always emphasise on the importance of staying focus on research and development of new products and enhancing the performance of its existing products. The Group depends heavily on the use of its own intellectual property and technological know-how. In order to mitigate the intellectual property risk, the Group continues to submit applications for patents for new products which are capable of being patented. In FY 2019, there were seven (7) patents granted or allowed for granting and another nine (9) new patents filed. To-date, the Group has fifteen (15) patents granted in various countries whilst thirty-nine (39) patents are still pending for approval.



All employees are required to sign a non-disclosure agreement (NDA) to protect the Group's interest. The Company is in the midst of exploring to invest in Product Data Management software for the financial year 2020 in order to enhance the intellectual property protection.

##### (c) Dependence on Experienced Personnel and Shortage of Skilled Manpower Risk

The Group's continuous success depends to a certain extent upon the abilities and continued efforts of its existing Directors, key management and technical personnel.

The Group participates in various career fairs conducted by leading universities in the country to source talents. The Group has also established skill matrixes and provides trainings to close skills gaps of our existing workforce. Besides these efforts, the Group also provides industrial internships to students from technical fields with the aim to developing their potentials to industry readiness. In FYE 2019, the Group had added six (6) new skilled machinists.

##### (d) Financial Risk

The Group's financial risk is set out under Note 33 of the Notes to the Financial Statements in this Annual Report.

## Management Discussion and Analysis

### OUTLOOK GOING FORWARD

We are disappointed with the outcome of our US lawsuit but we have accepted it and moved on. This outcome only applies to the US. Winning or losing a lawsuit does not change how a product performs. The Group has incurred a total cost of RM16.9 million for this lawsuit.

We are turning disappointment to blessings. Over the last five (5) years, JF Tech had filed for sixty-two (62) patents and had been granted fifteen (15) patents by the relevant authorities in several countries. Our team was more cohesive and, in these periods, had developed many new products for 5G/RF and Automotive Test Socket solutions. We had a number of replacements products to our disputed Zigma with patents granted namely, Eta and EZ. These colorable different new replacement products are qualified and sold to the market including US for the testing of 5G and RF devices. JF Tech offers the most comprehensive product suite for rocking contacts 5G, RF applications and cantilever contacts for automotive high current and high temperature test contacting socket solution.

Management envisions further growth in the coming years as the Group is aligned with the market's high growth applications such as Machine Learning, Artificial Intelligence, Connected Devices and IoT, Data Storage, Mobile Internet, Autonomous Vehicles, Augmented and Virtual Reality, Wireless and Broadband, Medical, Cloud Computing and Security that rely on semi-conductors to enable the applications. With the 5G at the introduction stage and gaining momentum, we are certain 5G ready devices would be in great demand. JF Tech is well position to ride this 5G era with strong demand for our Eta and EZ product lines.

Now that the lawsuit has settled and behind us, Management anticipates that more projects and demands for our wider range of products to offer and recurring consumables moving forward. Management will also focus on investment into manufacturing capacity, research and development and reliability laboratory facilities, upgrading of information technology, moving up to Industry 4.0 and upgrading of employees' welfare.

With the prolonged US - China trade war, Management is cautiously optimistic about its prospect for financial year 2020.

### DIVIDEND

In view of the Group's financial performance and closure of the lawsuit, the Board proposes a final dividend of 0.50 sen per ordinary share for FYE 2019, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

### MESSAGE FROM BOARD AND MANAGEMENT

Premised on the above, the Board and Management are optimistic to meet the challenges for the coming years and would deliver results to the shareholders and investors.

### APPRECIATION

My sincere appreciation to our valued customers, suppliers, business associates, bankers, authorities and most importantly our esteemed shareholders for their unwavering support and confidence to the Group.

Last, but not least, I wish to thank my fellow colleagues on the Board for their counselled and support as well as our staff for their invaluable commitments to the Group.

Thank you.

**Dato' Foong Wei Kuong**  
Managing Director



# Sustainability Statement

JF Technology Berhad (“JF Tech”, or the “Group”) recognises that sustainability is the core of the Group practices as we work towards improved and uninterrupted growth pathways. Sustainability is an integral part in our company strategies and operations, firmly embedded into the organisation. All our departments collaborate and leverage on each other’s strengths and resources to embed this agenda of sustainability within and throughout the organisation.

The Group engineers high performance test contacting solutions to validate the integrity circuitry of integrated circuits (“IC”) that are produced in billions going into smartphones, wearable electronics, automotive solid state storage, military, internet of things, medical and electronic appliances. In our role as an international test contacting solution and public listed entity, the Group recognises the ever-increasing relevance of sustainability and our collective responsibility to secure our future and to create long term economic value for all our stakeholders.



## VISION

To be the leading **One Stop Centre** for high performance test contacting solutions by maximising values for our customers and shareholders by out competent employees



## MISSION

Motivated employees delivering highest value test contacting solutions through innovation, quality excellence and customer satisfaction

**Motivated Employees**  
**Fiscal Responsibility**  
**Energising Innovation**  
**Quality Excellence**  
**Customer Experience**



## CORE VALUES

JF Tech’s core values, represents the fundamental principles of JF Tech’s shared values that guide us in the pursuit of both individual and company greatness.

“**JF TECH**” is acronym for:

- J** ▶ Just be fair
- F** ▶ Fiscal responsibility
- T** ▶ Treat each other with respect
- E** ▶ Energising innovation
- C** ▶ Committed to a sense of urgency and belonging
- H** ▶ Honesty is the best policy

## Sustainability Statement

### ECONOMIC THRUST

Our products are highly customised to the exact needs for electrical, mechanical and dimensional precision. Design know-how, technology and automation are key competitive advantages to the Group's success. The Group takes into account the following seriously of its impact on the economic conditions of its stakeholders.

#### Our Suppliers

The Group business starts with design center and end in high volume manufacturing ("HVM"). In order to build a reliable supply chain in the country that supports long term strategy to grow the business in providing a wide range of high quality products with competitive cost to our customers globally, we always promote purchase from local suppliers who have been providing high quality and good service. A strong and competitive supply chain will in turn enable the Group to consistently produce high quality products. In addition, with their support, the Group will be in better position to move up the value chain in the long term.

As at 30 June 2019, the number of local vendors accounted for 81% of the total vendors of the Group.

#### Our Customers

In fulfilling the Group's vision to be the world No. 1 provider of high performance test contacting solutions by maximising value for our customers, employees and shareholders, the Group was awarded the ISO 9001 : 2015 certifications from SGS (Malaysia) Sdn Bhd for design, manufacturing and assembly of test contactors of semiconductor application.

Having the ISO 9001: 2015 certificate is a testament that we continue to uphold a consistent quality standard for our products. A comprehensive quality management system has been established to assure customers those quality assurance policies and procedures are in place to address our product quality and reliability basis, as well as improving our work efficiency.

We have stringent quality controls in our entire operations. Our quality control practices involve various stages of processes and in various departments.

All our products are subject to in-depth monitoring and quality control checks during different stages of production using the sophisticated measurement and laboratory equipment.

We inspect on our finished goods to ensure our products meet the customer's requirement specifications and are free from defects at the time of delivery. We also ensure that every delivery of our products is consistently on-time. By adopting these quality control practices, we ensure our reliable products meet customers' expectations, and build their confidence and trust on us.

#### Our Code of Conduct and Ethics

Ethics, integrity, accountability, transparency and professionalism are increasingly rising to the forefront as mainstream touchstones in the business environment. In keeping the Group's Code of Conduct and Ethics as outlined in the Employee Handbook, relevant policies and mechanisms have been established to ensure employees carry out business activities fairly, honestly, openly and in compliance with all applicable laws of the countries. As part of continuing efforts to create awareness and educate, talks and trainings are organised on a regular basis for all levels of employees.

We have established and implemented policies and procedures on whistleblowing to facilitate the stakeholders of the Company to report genuine concerns or allegations about alleged unethical behavior, actual or suspected fraud within the Group, or improper business conduct affecting the Group. By encouraging a whistleblowing culture, we hope to achieve a desirable organisation of transparent structure and effective, clear communication.

#### Innovation, Automation and Intellectual Property

Our Group is principally involved in the design, development, and manufacture, marketing and sales of test contacting solutions which are highly customised and patent protected. The Group envisions a sustainable future for all and fulfills it by continuously innovating, designing, manufacturing and marketing a portfolio of test contacting solutions.

The Group leverages existing, disparate technologies and integrating them with new ideas to create fresh solutions. To-date, the Group is a proud owner of fifteen (15) patents and thirty-nine (39) registration patents pending which makes it as one of the most aggressive intellectual property owner in the region for the semiconductor test socket industry.

## Sustainability Statement

### ENVIRONMENT THRUST

We are committed to a holistic approach in incorporating sustainability practices in our daily activities. Metal scraps generated from the production of cables and wires are fully recyclable. The Group's operations do not release harmful emissions into the air or discharge hazardous effluent into the drainage system. By their nature, there are minimal industrial wastes generated from operations which go to the landfill. The following have been incorporated into our Group Environment Policy and we are determined to carry out the actions progressively and constantly to accomplish the intended goals:-



- ▶ to create an awareness of the Group Environment Policy within the Group and stakeholders;
- ▶ to comply with environmental regulatory and legal requirements;
- ▶ to reduce consumption of non-renewable and non-recycled materials; and
- ▶ to provide safe and hygiene workplace and ensure the personnel are properly trained with appropriate safety procedures and control actions.

### WORKPLACE, COMMUNITY AND SOCIAL INTERACTION

JF Tech aims to provide a supportive, pleasant a healthy workplace for our employees, and to foster a caring community in our working environment. We care for our employees and recognise that having good staff relationship and a motivated workforce are crucial to our success. They are our partners in delivering and maintaining products and services of the highest quality standards to our customers. We also place importance on the safety and well-being of our employees, and we are committed to providing and maintaining a safe and healthy environment.

#### Employee Profile

As at 30 June 2019, the total number of employees of the Group is 104. Our emphasis has and will always be to hire local talent to support the local communities we operate in.

We consider talent retention to be vital to sustain business growth and to maintain competitiveness in the marketplace. We strive to create job opportunities for the local people. As at 30 June 2019, 97% of our employees are Malaysians.

#### Employee Development and Talent Management

The Group's human capital is developed and strengthened through investment in our people. Continuous training and professional development programs have helped to boost the technical knowledge and soft skills of our employees, positioning them in good stead to elevate the performance standard quality, which is necessary for the Group to meet the ever changing needs of our customers.

Newly recruited employee will undergo an orientation program to help them familiarise and understand the culture and background of the organisation. The new employee will also go through the on-job structured training program that is tailored to their respective roles.

The Group carefully manages employee potential and talent as crucial elements in delivering value to our business operations through its Performance Management Review system ("PMR").

## Sustainability Statement

### ECONOMIC THRUST

Training presents a prime opportunity to expand the knowledge base to all employees and at the same time, enable our employees to perform their job efficiently. Continuous training and development also keeps our staff in the forefront position of industry development. The training programs that were provided to our employees are as follows:

- ▶ Technical
- ▶ Productivity
- ▶ Quality
- ▶ Occupational safety and health
- ▶ Management development

The Group understands that the future lies in the hand of the younger generation of our workforce. In order to create opportunities and to nurture young talents, we continue to encourage students to intern with us and gain first-hand experience of the industry, whilst preparing them for employment upon completion of their studies. We are welcoming more interns to join the Group in the year ahead. For financial year 2019, the Group offered internships for students of universities, colleges and polytechnics from different states of Malaysia, which have benefitted a total of 8 students.

The Group encourages internal activities for the employees to ensure that our working place is a happy place and employees' drive is consistently high and well maintained. Staff activities are organised throughout the year to facilitate the bonding among the employees. These activities help improve the communication, productivity and morale at the work place.

The Group currently does not have a policy on diversity of the workplace in terms of gender, age and ethnicity. However, the Group practices equal opportunity and has a healthy multi-cultural mix of employees.

### A Safe and Healthy Work Environment

The Group places great attention on the well-being and benefits of the workplace. At JFTech, we have Occupational Safety and Health Management ("OSH") committee consisting of key staff from various departments, whose main purpose is to safeguard, manage, discuss and report areas related to safety, health and environment issue and performance. We conduct first aid training and annual fire drill to be prepared for emergency events.

We are proud of the efforts that our OSH committee has done in financial year 2019 and there were no major safety or health related incidences at the workplace.

### Contribution to Community

During the financial year, the Company participated with our neighbouring factories in the "Blood Donation" campaign to help support the National Blood Bank. The crowd was overwhelming and most of our staff happily volunteered and queued to donate blood.



The Company also contributed financial support to SEMOA Educare Centre (Semenanjung Orang Asli), a non-profit charitable and non-governmental organisation with their "Karnival Cuti Sekolah dan Krismas" event.



## Sustainability Statement



### GOVERNANCE THRUST

The importance of governance sustainability in achieving the above mentioned initiatives are well recognised by the Group. As such, the Group incorporates proper controls and approvals, reserved matters, accountability and annual and long range objectives such as:-

- ▶ To establish proper governance structure, control, monitor, evaluation and reporting features into the management process
- ▶ To include sustainability thrust as an integral part of the strategic planning of the Group
- ▶ To enhance sustainability through regular updates of strategies, policies, procedures and provide relevant trainings
- ▶ To assess regularly the impacts and outcomes of sustainability principles adopted by the Group.

### MOVING FORWARD

The Group recognises the importance of being a responsible and sustainable organisation and that it goes beyond measuring our financial performance. The Group is committed to this endeavor and we look forward to improving and share further on our sustainability efforts in years to come.



## Board of Directors



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### FROM LEFT

Goh Kok Sing (*Executive Director*),  
Datin Wang Mei Ling (*Executive Director*),  
Dato' Foong Wei Kuong (*Managing Director*),  
Datuk Phang Ah Tong (*Independent Non-Executive Chairman*),  
Koay Kah Ee (*Senior Independent Non-Executive Director*),  
Dato' Philip Chan Hon Keong (*Independent Non-Executive Director*),  
Lew Jin Aun (*Independent Non-Executive Director*)

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## Board of Directors' Profile

### DATUK PHANG AH TONG

Independent Non-Executive Chairman

Datuk Phang Ah Tong, male, aged 62, a Malaysian, was appointed as an Independent Non-Executive Chairman of JF Technology Berhad ("**JF Tech**") on 1 January 2018.

Datuk Phang obtained his Economics Degree from University of Malaya in 1981.

Datuk Phang had a distinguished career in the civil service of Malaysia, spanning 36 years in promoting foreign and domestic investment. As the ex-Deputy Chief Executive Officer of the Malaysian Investment Development Authority ("**MIDA**"), he has assisted to develop the manufacturing and services sectors in Malaysia.

Starting out in 1981 as an Economist in MIDA, Datuk Phang was the Assistant Trade Commissioner for MIDA London and Director of MIDA New York. Upon returning to MIDA Headquarters, he was appointed as the Director of Foreign Direct Investment ("**FDI**"), overseeing the promotion of global FDI into Malaysia.

Datuk Phang was also involved in organising and participating many Trade and Investment Missions overseas led by either the Prime Minister or Ministers of International Trade and Industry. His distinguished contribution in these capacities led to his appointment as the Deputy Chief Executive Officer of MIDA in 2013.

Datuk Phang played an active role in shaping the economic landscape of Malaysia through his involvements in the formulation of the 1st Industrial

Master Plan 1 (1986 - 1995) and the 11th Malaysian Plan for the manufacturing sector and Economic Transformation Programme as well as the various industrial roadmaps and blueprints. This included the Malaysian Aerospace Industry Blueprint 2030 and the Malaysian Solar PV Roadmap 2030.

Datuk Phang also provided insights in the development and implementation of various key business policies in his roles as the Chairman of the Technical Committee on Expatriate Posts, Committee Member of the National Committee on Investment and Committee for Disbursement and Coordination of Grant as well as the Board member of the Malaysian Automotive Institute.

Datuk Phang also sits on the Board of Inari Amertron Berhad (a company listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**")), Apex Healthcare Berhad (a company listed on the Main Market of Bursa Securities), Jerasia Capital Berhad (a company listed on the Main Market of Bursa Securities) and United Overseas Bank (Malaysia) Bhd. (a non-listed public company) as an Independent Non-Executive Director.

Datuk Phang is a member of the Audit Committee, Nomination Committee and Remuneration Committee of JF Tech.

## Board of Directors' Profile

### **DATO' FOONG WEI KUONG**

Managing Director

Dato' Foong Wei Kuong, male, aged 59, a Malaysian, was appointed as the Executive Chairman and Managing Director of JF Tech on 18 January 2008. On 1 January 2018, Dato' Foong had been re-designated as Managing Director of JF Tech.

Dato' Foong is the co-founder of JF Tech Group. He started his career in 1980 as a Sales Representative when he joined Preston Corporation Sdn. Bhd. Subsequently, he joined National Starch and Chemical Sdn. Bhd. as a Sales Executive in 1984. He was promoted to Area Sales Manager in 1992 overseeing the sales team for Northern Peninsular Malaysia. He was subsequently attached to PT Danako Mitra Adhesive, Indonesia ("**PT Danako**") as a Business Development Manager in 1994. Later in 1996, he was promoted to a Business Development Director

of PT Danako where he remained for two (2) years. In 1997, he was General Manager of PT National Starch and Chemical Indonesia ("**PT National**") overseeing the whole business unit of National Starch and Chemical USA. He left PT National to join Merichem Sdn. Bhd. as an Executive Director in 1997. Then he left Merichem Sdn. Bhd. in 1999 and incorporated J Foong Technologies Sdn. Bhd. ("**J Foong**") in 1999 and JF Microtechnology Sdn. Bhd. ("**JFM**") in 2005. He is currently responsible for the overall visions and operational directions of JF Tech Group, and hence he also identifies overall strategies for JF Tech Group.

Dato' Foong is not a Director of any other public company and listed company.

### **DATIN WANG MEI LING**

Executive Director

Datin Wang Mei Ling, female, aged 62, a Malaysian, was appointed as an Executive Director of JF Tech on 18 January 2008.

Datin Wang obtained her LCCI Higher Accounting in 1984. In 1976, she started her career with Loh Piang Wong & Co as an auditor. She subsequently joined Times Educational Corporation Sdn. Bhd. as an Accounts Assistant in 1979. In 1981, she joined Syarikat Pembinaan Raya Sdn. Bhd. as an Accounts Supervisor. She left Syarikat Pembinaan Raya Sdn. Bhd. to join Pati Ho Hup Sdn. Bhd. as an Accounts Executive in 1990 until

1994. In 1999, she founded J Foong together with Dato' Foong Wei Kuong and is instrumental in the day-to-day operations of J Foong as an Administration and Finance Manager. She subsequently founded JFM together with Dato' Foong Wei Kuong in 2005 and is also active in the operations of JFM as a Finance Director. Currently, she also oversees the human resources and general administrative activities of JF Tech Group.

Datin Wang is not a Director of any other public company and listed company.

## Board of Directors' Profile

### **GOH KOK SING**

Executive Director

Mr. Goh Kok Sing, male, aged 55, a Malaysian, was appointed as an Executive Director of JF Tech on 18 January 2008.

Mr. Goh started his career in 1983 as a Computer Engineer in NCR (M) Sdn. Bhd. Subsequently, he joined Henkel (M) Sdn. Bhd. (previously known as Multicore Solders (M) Sdn. Bhd.) as a Regional Manager overseeing the Technical division for Asia Pacific in 1991. During his twelve (12) years tenure there, he was responsible for providing technical support to multinational customers and other printed circuit board assembly houses and manufacturers. He was also involved in product and manufacturing process development. Following the accumulation of vast experience in the industry, he left Henkel (M) Sdn. Bhd. in 2003 and founded his own business, Amtech Electronics, which was subsequently

converted into a private limited company, AMT Electronics Sdn. Bhd. in 2006. The major activities of AMT Electronics Sdn. Bhd. are in electronic and printed circuit board designs, product development and manufacturing of electronics controllers and sensors for the medical equipment. In July 2006, he was employed as the Chief Technical Officer of J Foong, where he was instrumental in carrying out research and development (“R&D”) of the products. Currently, he leads the technical team of JF Tech Group and is responsible for setting overall technology direction and R&D efforts of JF Tech Group in line with the overall strategies of JF Tech Group. He is also responsible for identifying new fields of research for future product development.

Mr. Goh is not a Director of any other public company and listed company.

### **DATO' PHILIP CHAN HON KEONG**

Independent Non-Executive Director

Dato' Philip Chan Hon Keong, male, aged 54, a Malaysian, was appointed as an Independent Non-Executive Director of JF Tech on 18 January 2008.

Dato' Philip Chan obtained his Bachelor of Economics Degree and Bachelor of Laws Degree from the University of Sydney, Australia in 1989. He was admitted as an Advocate and Solicitor of the High Court of Malaya in 1990. He commenced his practice in Messrs. Azalina, Chan & Chia in 1990 and was a Partner of the firm until 2000. Subsequently, he joined Messrs. Skrine as a

Partner in the Corporate division in January 2001 where he remained until end of June 2019.

Dato' Philip Chan has been redesignated as the Managing Director of Eksons Corporation Berhad (a company listed on the Main Market of Bursa Securities) with effect from 1 October 2019.

Dato' Philip Chan is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of JF Tech.

## Board of Directors' Profile

### KOAY KAH EE

Senior Independent Non-Executive Director

Mr. Koay Kah Ee, male, aged 60, a Malaysian, was appointed as an Independent Non-Executive Director of JF Tech on 18 January 2008. He was subsequently re-designated as Senior Independent Non-Executive Director of JF Tech on 21 October 2010.

Mr. Koay holds a Master in Business Administration from University of Strathclyde, United Kingdom ("UK"). He is a Fellow member of Chartered Institute of Management Accountants (CIMA), UK, fellow member of the Australian Certified Practising Accountants (CPA Australia), Chartered Accountant (CA) of the Malaysia Institute of Accountants and Chartered Global Management Accountants (CGMA). He is also a member of the SOCSO Appellate Board (JRKS) of Ministry of Human Resources Malaysia and a CIMA Global Membership Assessor. He has over thirty-six (36) years of experience in finance, accounting and corporate affairs and has been working

in various industries such as plantation, trading, services and manufacturing with local companies and subsidiaries of multinational company. Currently, Mr. Koay is the Group Finance Director of a company listed on the Main Market of Bursa Securities.

Mr. Koay sits on the Board of Ajinomoto (Malaysia) Berhad (a company listed on the Main Market of Bursa Securities) as an Independent Non-Executive Director, Tashin Holdings Berhad (a company listed on the ACE Market of Bursa Securities) as a Non-Independent Non-Executive Director and Eksons Corporation Berhad (a company listed on the Main Market of Bursa Securities) as an Independent Non-Executive Director.

Mr. Koay is the Chairman of the Audit Committee and Remuneration Committee and a member of the Nomination Committee of JF Tech.

### LEW JIN AUN

Independent Non-Executive Director

Mr. Lew Jin Aun, male, aged 67, a Malaysian, was appointed as an Independent Non-Executive Director of JF Tech on 2 January 2009.

Mr. Lew received his Bachelor of Mechanical Engineering (Honours) degree from University of Malaya in 1976. He graduated with Distinction in Executive MBA program conducted by the University of Bath, UK in 1990.

Over a career spanning of more than thirty (30) years in the semi-conductor industry, Mr. Lew has held several positions of increasing responsibility in engineering,

manufacturing and operations management as well as Managing Director at Motorola Malaysia Sdn. Bhd. and STATSChipPAC Malaysia Sdn. Bhd. Currently, he serves as Chairman of Selangor Human Resources Development Centre.

Mr. Lew is not a Director of any other public company and listed company.

Mr. Lew is a member of the Audit Committee, Nomination Committee and Remuneration Committee of JF Tech.

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#### ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

##### Conflict of Interest

None of the Directors have any conflict of interest with the Company.

##### Family Relationships with any Director and/or Major Shareholder

Save and except for Dato' Foong Wei Kuong and Datin Wang Mei Ling who are husband and wife, none of the other Directors have any family relationship with any Director or major shareholder of the Company.

##### Offences and Public Sanctions or Penalties imposed by Regulatory Bodies

None of the Directors have committed any offence within the past five (5) years other than traffic offences, if any during the financial year. In addition, none of the Directors have any public sanction or penalty imposed by regulatory bodies during the financial year.

## Key Management Profile

### GOH JOO HWA

Vice President, Global Sales & Marketing

Mr. Goh Joo Hwa, male, aged 48, a Malaysian, joined JF Tech as Sales and Marketing Manager in September 2008. He was promoted to Sales Director in January 2012 and is currently the Vice President for Global Sales & Marketing, leading our sales & marketing team and managing the global distribution network.

Mr. Goh Joo Hwa graduated with a Master in Business Administration major in International Marketing from University of Sunderland, United Kingdom. He obtained his Bachelor of Engineering (Hons.) Electrical and Electronic Engineering from the same university in 1995.

Mr. Goh Joo Hwa started his career in 1996 as Test Engineer in ST Microelectronics Sdn. Bhd. in Muar, Johor Darul Takzim and promoted to Chief Engineer in 1999 in-charge of engineering and maintenance at Automotive Power department and led a team of approximately thirty-six (36) technicians and engineers. He later joined Avi-Tech Electronics Ltd.; a Singapore company based

in Melaka as Sales Manager in 2000 overseeing the Malaysia business. In 2002, he was promoted to Senior Sales Manager responsible for Malaysia, Philippines and Thailand for sales of burn-in products and other semiconductor capital test equipment. Subsequently he was transferred to Avi-Tech Electronics Ltd.'s headquarters based in Singapore as Senior Sales Manager in 2004 and was in-charge of worldwide sales of burn-in products until 2008.

Mr. Goh Joo Hwa does not hold any directorship in public companies and listed companies.

Mr. Goh Joo Hwa does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with the Company. He has not been convicted of any offence within the last five (5) years other than traffic offences, if any nor any public sanction or penalty imposed by the regulatory bodies during the financial year.

### SHAMAL MUNDIYATH

Engineering Director, Design & Development and Test & Applications

Mr. Shamal Mundiath, male, aged 39, an Indian nationality and holder of Malaysia Resident Pass, a pragmatic engineer with a wealth of experience in design, engineering and technology.

Mr. Shamal Mundiath joined JF Tech as a Mechanical Design Engineer in November 2010. Since then he has held many roles such as Section Head, Engineering and Design & Development Manager. He was promoted to Engineering Director in January 2017 and is currently leading a team of engineers in the Design & Development and Test & Application departments.

Mr. Shamal Mundiath is a Mechanical Engineer, graduated with a Master of Science (MSc) in Engineering and Manufacturing Management from MS Ramaiah School of Advanced Studies, Bangalore, Coventry University (UK).

Prior to joining JF Tech, Mr. Shamal Mundiath was attached to companies in the manufacturing related industries across mould-making, high precision parts manufacturing, medical engineering, automotive and electronics.

Mr. Shamal Mundiath does not hold any directorship in public companies and listed companies.

Mr. Shamal Mundiath does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with the Company. He has not been convicted of any offence within the last five (5) years other than traffic offences, if any nor any public sanction or penalty imposed by the regulatory bodies during the financial year.

## Key Management Profile

### LEE ENG KIAT

Group Manufacturing Manager, Assembly & Manufacturing

Mr. Lee Eng Kiat, male, aged 35, a Malaysian, was appointed as the Group's Manufacturing Manager since 2017.

He graduated with a first-class honour Bachelor Degree in Mechanical Engineering from University of Malaya in 2008 and is currently pursuing his executive MBA programme.

Mr Lee Eng Kiat started his career in 2008 as the Mechanical Design Engineer of JF Tech. Over the last ten (10) years, he held several positions in various departments at JF Tech such as Design Coordinator, Section Head, Tools & Equipment, Production Manager and Manufacturing Manager. He was also involved in product and manufacturing process development, manufacturing capacity expansion, kaizen and lean manufacturing programme implementation and

government regulations. Prior to assuming his current role, he was the Personal Assistant to the Chief Executive Officer and Managing Director. In his current role as Group Manufacturing Manager, he is primarily responsible for overseeing the end to end assembling and manufacturing value chain of the Group's operations.

Mr. Lee Eng Kiat does not hold any directorship in public companies and listed companies.

Mr. Lee Eng Kiat does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with the Company. He has not been convicted of any offence within the last five (5) years other than traffic offences, if any nor any public sanction or penalty imposed by the regulatory bodies during the financial year.

## Corporate Governance Overview Statement

The Board of Directors ("**the Board**") of JF Technology Berhad acknowledges the importance of maintaining high standard of corporate governance practices throughout the Group to protect and enhance long-term shareholders' value and all stakeholders' interests. With the principles and recommendations as set out in the Malaysian Code on Corporate Governance ("**MCCG**"), the Board is committed to ensure that a sound framework of best corporate governance practices is in place by managing the affairs of the Group with transparency, integrity and accountability.

The Board is pleased to present the following Corporate Governance Overview Statement ("**Statement**") that describe the extent of how the Group has applied and complied the three (3) principles set out in the MCCG throughout the financial year:

- (a) Principle A: Board leadership and effectiveness;
- (b) Principle B: Effective audit and risk management; and
- (c) Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement also serves as a compliance with Rule 15.25 of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ACE Market Listing Requirements ("**ACE LR**") and shall be read together with the Corporate Governance Report ("**CG Report**") of the Company that provides detailed application for each practice as set out in the MCCG. The CG Report can be downloaded from the Company's website at [www.jftech.com.my](http://www.jftech.com.my) or through the announcement published on the website of Bursa Securities.

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### 1. BOARD RESPONSIBILITIES

##### Clear Functions of the Board and Management

The Board takes full responsibility for the overall performance of the Group by setting the strategic directions and objectives, formulating the policies and executing the key strategic action plans. The Board regularly review the Group's business operations and maintains full and effective control over the management of the Group.

The duties and responsibilities of the Board include determining the Company's overall strategic plans and performing periodic reviews of businesses and financial performance, as well as adopting practical risk management and internal controls to implement a strong framework of internal controls of the Company.

The Board has also delegated certain responsibilities to other Board Committees, which operate within clearly defined terms of reference. Standing Committees of the Board include the Audit Committee, Nomination Committee and Remuneration Committee. The Board receives reports at its meetings from the Chairman of each Board Committee on current activities and it is the general policy of the Company that all major decisions be considered by the Board as a whole.

##### Clear Roles and Responsibilities

The Board reviewed the sustainability, effectiveness and implementation of the strategic plans for the financial year under review and provided guidance and input to Management. To ensure the effective discharge of its functions and duties, the principal responsibilities of the Board include the following:

- review and adopt strategic business continuity plans for the Company and the Group;
- oversee and monitor the conduct of the Group's businesses and financial performance;
- review and adopt budgets and financial results of the Company and the Group, monitor compliance with applicable accounting standards and the integrity and adequacy of financial information disclosures;
- identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- review the adequacy and integrity of the Company's and the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- ensure a competent management by establishing policies for strengthening the performance of the Group with a view to proactively build the business through innovation, initiative, technology, new products and the development of its new business market.



## Corporate Governance Overview Statement

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 1. BOARD RESPONSIBILITIES (CONT'D)

##### Strategies to Promote Sustainability

The Board views the commitment to sustainability and Environmental, Social and Governance performance as part of its broader responsibility to clients, shareholders and the communities in which it operates.

The Group recognises the importance of its corporate social responsibilities whilst pursuing its corporate goals. The Group continues to invest in its staff through continuous training to develop in-house capability and also a united workforce that assists in the Group realising its goals and objectives.

The Company's activities on corporate social responsibilities for the financial year under review are disclosed in a separate section of the Annual Report.

##### Chairman and Managing Director

The roles of the Chairman and the Managing Director are held by two (2) different individuals which their responsibilities are segregated and clearly defined to ensure there is an appropriate balance of power and authority with no one having the unfettered power of decision making.

The Chairman provides leadership and manage the interface between the Board and Management and also ensure active participation from the Board for decision making whereas the Managing Director is involved in the day-to-day management of the Company by contributing strategies and insights to enable the Company to achieve its goals and objectives efficiently.

##### Company Secretaries

The Company Secretaries of the Company are experienced and qualified to act as Company Secretaries pursuant to Section 235 of the Companies Act 2016. The Company Secretaries play an important role in ensuring adherence to the Board's policies and procedures from time to time.

The Board has unrestricted access to the advice and services of the Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities. The Company Secretaries provide guidance to the Board on the Directors' obligations arising from the rules and regulations including the MCCG and Bursa Securities ACE LR.

The Directors are also empowered to seek independent professional advice from external consultants as they may require, at the expense of the Company, to enable them to make well-informed decisions.

##### Access to Information and Advice

The Board is provided with appropriate information and comprehensive Board papers on a timely basis prior to the Board meetings to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner. Management is invited to attend the Board and Board Committees meetings and to brief and provide explanations to the Directors and Board Committees members on the operations of the Group.

The Board recognises the importance of reviewing and adopting a strategic plan and overseeing the conduct of the businesses to ensure that the businesses are being properly managed. Presently, the performance of the Group is reviewed by the Board in consideration of the quarterly financial results.

The proceedings and resolutions passed at each Board meeting are minuted and kept in the statutory minutes book at the registered office of the Company.

## Corporate Governance Overview Statement

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 1. BOARD RESPONSIBILITIES (CONT'D)

##### Demarcation of Responsibilities

##### (a) Board Charter

The Board has formalised and adopted a Board Charter, which sets out the roles, functions, composition, operations and processes of the Board. The Board Charter provides guidance to the Board in relation to the Board's roles, duties, responsibilities and authorities which are in line with the principles of good corporate governance. The Board Charter acts as a source of reference for Board members and senior management, and the same is accessible to the public on the Company's website at [www.jftech.com.my](http://www.jftech.com.my).

##### (b) Code of Ethics and Conduct

The Board is aware of the need to establish a corporate culture that would foster common goal of achieving business profitability, whilst cultivating ethical business conducts. The Board has adopted the Code of Ethics and Conduct which is in line and consistent with its stand under the Corporate Vision, Mission, Core Pillars and Core Values. A copy of the Code of Ethics and Conduct is published in the Company's website at [www.jftech.com.my](http://www.jftech.com.my).

##### (c) Whistle Blowing Policy

A Whistle Blowing Policy has been established to further enhance the Group's commitment in upholding and achieving integrity, transparency and accountability in conducting its business. The Whistle Blowing Policy serves the purpose of providing an avenue to all the employees and members of the public to raise concerns, report or disclose any improper behaviour and conduct, miscarriage of justice, damage to the environment or any act and action that could materially affects the reputation of the Group as well as the interests of the stakeholders. The Whistle Blowing Policy is available on the Company's website at [www.jftech.com.my](http://www.jftech.com.my).

#### 2. BOARD COMPOSITION

##### Composition and Board Balance

The Board currently comprises four (4) Independent Non-Executive Directors and three (3) Executive Directors. The roles and responsibilities of the Chairman and Managing Director are assumed by two (2) different individuals namely, Datuk Phang Ah Tong and Dato' Foong Wei Kuong respectively.

The Independent Non-Executive Directors play a pivotal role in corporate accountability, which is reflected in their membership of the various Board Committees and their attendance of meetings as detailed below under Board meetings. The significant contributions of the Independent Non-Executive Directors in the decision-making processes are evidenced in their participation as members of the various Committees of the Board. In addition, the Independent Non-Executive Directors ensure that matters and issues brought up to the Board are fully discussed and examined, considering the stakeholders' interests in the Group. The profiles of the members of the Board, as set out in this Annual Report, demonstrate the complement of skills and experience that the Directors value add on issues of strategy, performance, control, resource allocation and integrity.

##### Annual Assessment of Independence of Directors

The Board adopts the concept of independence in tandem with the definition of Independent Non-Executive Director in Section 1.01 of Bursa Securities ACE LR through the assistance of the Nomination Committee. The assessment of the independence of each of its Independent Non-Executive Director is undertaken annually according to set criteria as prescribed by Bursa Securities ACE LR.

## Corporate Governance Overview Statement

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2. BOARD COMPOSITION (CONT'D)

##### Annual Assessment of Independence of Directors (cont'd)

The Board considers that its Independent Non-Executive Directors provide an objective and independent views on various issues dealt with at the Board and Board Committees level. All Non-Executive Directors are independent of management and free from any relationship. The Board is of the view that the current composition of Independent Non-Executive Directors fairly reflects the interest of minority shareholders in the Company through the Board representation.

The Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

##### Tenure of Independent Non-Executive Directors

Practice 4.2 of the MCGG states that the tenure of an Independent Non-Executive Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years' term, an Independent Non-Executive Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director or the Board seeks annual shareholders' approval with justification if the Board intends to retain an Independent Non-Executive Director who is beyond nine (9) years' term.

The Company does not have a policy which limits the tenure of its Independent Non-Executive Directors to nine (9) years.

The Nomination Committee had performed an annual review on the independency of the Independent Non-Executive Directors by adopting the concept of independence in tandem with the definition of Independent Non-Executive Director in Section 1.01 of Bursa Securities ACE LR.

At the time of writing this Statement, the tenure of the Independent Non-Executive Directors namely, Dato' Philip Chan Hon Keong, Mr. Koay Kah Ee and Mr. Lew Jin Aun have exceeded the cumulative term of nine (9) years.

##### Shareholders' Approval for the Retention of Independent Non-Executive Directors

Both the Nomination Committee and the Board have assessed the independence of Dato' Philip Chan Hon Keong, Mr. Koay Kah Ee and Mr. Lew Jin Aun and were satisfied with the skills, contribution and independent judgement they bring to the Board in facilitating decision-making processes of the Company. The Board is of the view that there are significant advantages to be gained from long-serving Directors who not only possess tremendous insight but also in-depth knowledge of the Company's businesses and affairs. In view thereof, the Board recommends and supports their retention as Independent Non-Executive Directors of the Company which are tabled for shareholders' approval at the forthcoming Annual General Meeting ("AGM") of the Company.

Key justifications for retaining them as Independent Non-Executive Directors are as follows:

- (i) Dato' Philip Chan Hon Keong, Mr. Koay Kah Ee and Mr. Lew Jin Aun have met the independence guidelines as set out in Section 1.01 of Bursa Securities ACE LR;
- (ii) They did not have any conflict of interest with the Company and have not been entering nor is expected to enter into contract(s), especially material contract(s) with the Company and/or its subsidiary companies; and
- (iii) They are familiar with the Group's activities and corporate history and have been providing invaluable contributions to the Board in their roles as Independent Non-Executive Directors.

## Corporate Governance Overview Statement

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2. BOARD COMPOSITION (CONT'D)

##### Board Diversity

The Board acknowledges the importance of Board diversity, including gender, ethnicity, age and business experience, to the effective functioning of the Board.

The Board has not set gender diversity target as of the reporting period. While it is important to promote such diversity, the normal selection criteria of a Director based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board should remain a priority so as not to compromise on effectiveness in carrying out the Board's functions and duties. Hence, the Board is committed in ensuring that its composition not only reflects the diversity as recommended by the MCCG, as best as it can, but also has the right mix of skills and balance to contribute to the achievement of the Company's goal and mission.

As of the date of this Statement, one (1) out of seven (7) of the Board members is female Director.

##### Nomination Committee

The Nomination Committee comprises exclusively of Independent Non-Executive Directors of the Company. The Nomination Committee is established and maintained to ensure that there is a formal and transparent procedure for the appointment of new Directors to the Board and new members to the Board Committees and to assess the performance of the Directors, Board, Board Committees and members of the Board Committees of the Company on an on-going basis. The current members of the Nomination Committee are as follows:

Chairman	:	Dato' Philip Chan Hon Keong (Independent Non-Executive Director)
Member	:	Datuk Phang Ah Tong (Independent Non-Executive Director)
Member	:	Mr. Koay Kah Ee (Senior Independent Non-Executive Director)
Member	:	Mr. Lew Jin Aun (Independent Non-Executive Director)

During the financial year under review, one (1) meeting was held and attended by all members. The main activities carried out by the Nomination Committee during the financial year under review are as follows:

- Reviewed and assessed the effectiveness and composition of the Board and Board Committees and contribution of each individual Director of the Company;
- Reviewed and assessed the contribution and performance of the Audit Committee and each individual Audit Committee member;
- Reviewed and assessed the independence of the Independent Non-Executive Directors;
- Reviewed the Directors who were due for re-election at the Company's AGM to determine whether or not to recommend for their re-election;
- Reviewed and assessed the tenure of Independent Non-Executive Directors who have reached and exceeded a cumulative term of nine (9) years and to recommend the retention of the Independent Non-Executive Directors of the Company at the Company's AGM in accordance with MCCG; and
- Reviewed the appointment of Datuk Phang Ah Tong as a member of the Remuneration Committee, Nomination Committee and Audit Committee.

The Nomination Committee also reviewed the size of the Board and had concluded that it was appropriate.

##### (a) Appointment to the Board

In order to comply with good practice for the appointment of new Directors through a formal and transparent procedure, the Nomination Committee, which comprises exclusively of Non-Executive Directors, is responsible for making recommendation relating to any new appointment to the Board. Any new nomination received is put to the full Board for assessment and approval.

## Corporate Governance Overview Statement

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2. BOARD COMPOSITION (CONT'D)

##### (a) Appointment to the Board (cont'd)

For appointment of new Directors, the Nomination Committee assesses the suitability of the candidates, taking into consideration of the following:

- required mixed of skills, knowledge, expertise and experience;
- professionalism;
- integrity;
- competencies;
- time commitment; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

The proposed re-election of existing Directors who are seeking for re-election at the AGM are first considered and evaluated by the Nomination Committee. Upon its evaluation, the Nomination Committee will make recommendation on the proposal to the Board for approval. The Board makes the final decision on the proposed re-election to be presented to the shareholders for approval.

The Board is entitled to the services of the Company Secretaries who ensure that all appointments are properly made, that all necessary information are obtained from Directors, both for the internal records and for the purposes of meeting statutory obligations, as well as obligations arising from Bursa Securities ACE LR or other regulatory requirements.

##### (b) Re-election of Directors

Re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors. In this respect, the Articles of Association of the Company provides that all Directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire from the office but shall be eligible to offer themselves for re-election at the AGM.

This requirement would be adhered to by the Board in every AGM.

Directors who are appointed by the Board are subject to re-election by the shareholders at the AGM held following their appointments.

##### (c) Annual Assessment of the Board and Board Committees

The Directors and Committees are being assessed by the Nomination Committee through the following annual assessments once every year:

- (a) Effectiveness of the Board as a whole and the Committees of the Board;
- (b) Contribution and performance of each individual Director;
- (c) Contribution and performance of the Audit Committee and each individual Audit Committee member; and
- (d) Independence of Independent Non-Executive Directors.

The outcome of the abovementioned annual assessments is disclosed in the CG Report which is available on the Company's website at [www.jftech.com.my](http://www.jftech.com.my).

## Corporate Governance Overview Statement

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2. BOARD COMPOSITION (CONT'D)

##### FOSTER COMMITMENT

##### Time Commitment

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company, and to use their best endeavours to attend meetings.

##### Board Meetings

During the financial year, five (5) Board meetings were held with the presence of the Company Secretary. Details of attendance by the Board members during this financial year are as set out below:

Name of Directors	No. of Meetings attended
Datuk Phang Ah Tong	4/5
Dato' Foong Wei Kuong	5/5
Datin Wang Mei Ling	5/5
Goh Kok Sing	5/5
Koay Kah Ee	5/5
Dato' Philip Chan Hon Keong	5/5
Lew Jin Aun	5/5

Based on the above, all Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in Bursa Securities ACE LR. The Board and Board Committees meetings for each of the financial year are scheduled before the end of the preceding financial year, to allow the Directors and members of the Committees to organise and plan their activities ahead to ensure that they are able to attend all meetings that have been scheduled for the following year.

All Directors have participated fully in the discussions during Board meetings. There is no Board dominance by any individual and the Directors are free to express their views and opinions during the Board meetings. In arriving at Board decisions, the view of the majority prevails at all times. In the same manner, the Directors are also aware and observes the requirement that they do not participate in the deliberation on matters of which they have a material personal interest, and abstain from voting in such matters.

Proceedings of, and resolutions passed at each Board meeting are documented in the minutes and signed by the Chairman at the subsequent Board meeting. In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at the next Board meeting.

The Board also peruse the decisions deliberated by Board Committees through minutes of the Board Committees. The Chairman of the Board Committees is responsible to inform the Directors at Board meetings of any salient matter noted by the Board Committees and which require the Board's notice or direction.

## Corporate Governance Overview Statement

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2. BOARD COMPOSITION (CONT'D)

##### Directors' Training

Continuous learning and training are part of the Directors' development programme. The Directors recognise the need to attend trainings to enable the Directors to discharge their duties effectively. All Directors had attended the Mandatory Accreditation Programme. During the financial year under review, some of the trainings and briefings attended by the Directors include:

Directors	Training Attended
Datuk Phang Ah Tong	<ul style="list-style-type: none"> <li>- Financial Institutions Director Education ("FIDE") Core Programme Module 1</li> <li>- FIDE Core Programme Module 2</li> </ul>
Dato' Foong Wei Kuong	<ul style="list-style-type: none"> <li>- Using NLP for Effective Communication</li> <li>- Practical Branding</li> <li>- 2019 Economic Outlook</li> <li>- Sun Tzu's Art of War</li> <li>- Chief Executive Officer ("CEO") Grooming for Influence and Communication</li> <li>- Vistage CEO Summit</li> </ul>
Datin Wang Mei Ling	<ul style="list-style-type: none"> <li>- Budget</li> <li>- Employers Statutory Tax Requirement 2019</li> </ul>
Koay Kah Ee	<ul style="list-style-type: none"> <li>- Sustainability Reporting Workshop</li> <li>- Sales and Services Tax Implementation</li> <li>- 2019 Budget Tax Seminar</li> <li>- Corporate Liability</li> </ul>
Dato' Philip Chan Hon Keong	<ul style="list-style-type: none"> <li>- 2018 Lex Mundi Europe/Middle East/ Africa Regional Conference</li> <li>- 2019 Lex Mundi Leadership Summit and Annual Conference</li> </ul>
Goh Kok Sing	<ul style="list-style-type: none"> <li>- Advance Packing for Automotive</li> </ul>
Lew Jin Aun	<ul style="list-style-type: none"> <li>- 2019 Economic Outlook</li> <li>- Sun Tzu's Art of War</li> <li>- Vistage CEO Summit</li> </ul>

The Board empowers the Directors to determine their own training requirements as they consider necessary to enhance their knowledge as well as understanding of the Group's businesses and operations.

## Corporate Governance Overview Statement

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 3. REMUNERATION

##### Remuneration Committee

The Board had established the Remuneration Committee to review and recommend the appropriate level of remuneration for the Executive Directors. The current members of the Remuneration Committee are as follows:

Chairman	:	Koay Kah Ee (Senior Independent Non-Executive Director)
Member	:	Datuk Phang Ah Tong (Independent Non-Executive Director)
Member	:	Dato' Philip Chan Hon Keong (Independent Non-Executive Director)
Member	:	Lew Jin Aun (Independent Non-Executive Director)

During the financial year under review, one (1) meeting was held and attended by all members. The main activities carried out by the Remuneration Committee during the financial year under review are as follows:

- Reviewed the remuneration package for the Managing Director and Executive Directors for the financial year ended 30 June 2019;
- Reviewed the payment of Directors' fees for the financial year ended 30 June 2018;
- Reviewed the benefits payable to the Non-Executive Directors from 6 December 2018 until the next AGM of the Company to be held in year 2019; and
- Reviewed the revised terms of reference of the Remuneration Committee.

##### Directors' Remuneration

The Remuneration Committee considers the principles recommended by MCCG in determining the Directors' remuneration whereby, the Executive Directors' remuneration is designed to link rewards to the Group's and individual's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. Additionally, in ensuring that the Directors' remuneration is in line with the market expectation and competition to retain and attract talents in the Group, reference is made to the Directors' remuneration offered by other public listed companies.

The Company has in place a Remuneration Policy for Directors and senior management which sets out the criteria applied in recommending their remuneration packages.

The Executive Directors concerned play no part in the decision on their own remuneration. Likewise, the remuneration of the Independent Non-Executive Directors is a matter for the Board as a whole, with individual Director abstaining from discussion of their own remuneration.

The details of remuneration of Directors of the Company comprising remuneration received/receivable from the Company and its subsidiaries during the financial year ended 30 June 2019 are disclosed in the CG Report which is available on the Company's website at [www.jftech.com.my](http://www.jftech.com.my) or through the announcement published on the website of Bursa Securities.

##### Remuneration of Top Five (5) Senior Management Staff

The top five (5) senior management's remuneration component including salary, bonus, benefit-in-kind and other emoluments in bands of RM50,000.00 is disclosed in the CG Report which is available on the Company's website at [www.jftech.com.my](http://www.jftech.com.my) or through the announcement published on the website of Bursa Securities.



## Corporate Governance Overview Statement

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 4. AUDIT COMMITTEE

##### Composition and Activities of Audit Committee

The composition and details of activities carried out by the Audit Committee during the financial year ended 30 June 2019 are set out in the Audit Committee Report of this Annual Report.

All the members of the Audit Committee are financially literate and have necessary skills, financial experience and expertise to discharge their duties effectively. Other than overseeing the financial reporting and performance of the Group, the Audit Committee also ensure that there is a proper co-ordination between both of the internal and external auditors in order for the Audit Committee to be fully informed on any significant financial matter that may impact the Group.

The qualification and experience of the individual Audit Committee member are further disclosed in the Directors' Profile of this Annual Report.

##### Compliance with Applicable Financial Reporting Standards

The Company's Audited Financial Statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016. The Board is responsible to ensure that the shareholders are provided with a balanced evaluation of the Company's financial performance, its position and its future prospects, through the issuance of the annual Audited Financial Statements, quarterly financial reports and corporate announcements on significant developments affecting the Company in accordance with Bursa Securities ACE LR.

In this respect:

- Management presented to the Audit Committee and the Board, details of the Company's Financial Statements which include amongst others, revenues and expenditures, for review of quarter-to-quarter and year-to-date financial performance; and
- The Audit Committee discharged its function in reviewing the Financial Statements of the Company with the assistance of the External Auditors, prior to recommending the statements for the Board's approval and issuance to shareholders.

##### Cooling period of a Former Key Audit Partner

The Board is aware of Practice 8.2 of the MCCG and there is a clause in the terms of reference of the Audit Committee where a cooling-off period of at least two (2) years to be observed before the appointment of a former key audit partner as a member of the Audit Committee.

None of the members of the Board were former key audit partner and the Board has no intention to appoint any former key audit partner as a member of the Board.

##### Assessment of Sustainability and Independence of External Auditors

The Board vide the Audit Committee will conduct annual assessment of the suitability and independence of External Auditors.

The Audit Committee has received assurance from Crowe Malaysia PLT, the External Auditors of the Company confirming that the firm, its engagement partner and the audit team's independence, integrity and objectivity complied with the relevant ethical, professional and regulatory requirements.

The Audit Committee is satisfied with Crowe Malaysia PLT's technical competency and audit independence during the financial year under review.

## Corporate Governance Overview Statement

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### 5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

##### Sound Framework to Manage Risks

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal controls to safeguard shareholders' investment and the Group's assets. However, the Board recognises that such system is structured to manage rather than eliminate the possibility of encountering risk of failure to achieve corporate objectives.

The Statement on Risk Management and Internal Control is set out in the Annual Report providing an overview of the state of the risk management and internal controls within the Group.

##### Internal Audit Function

The outsourced Internal Auditors namely, Axcelasia Columbus Sdn. Bhd. communicates regularly with and report directly to the Audit Committee. The internal audit function conducts regular audit to review and provide assurance to the Audit Committee on the adequacy and effectiveness of the Group's risk management, control and governance processes. The outsourced Internal Auditors' representatives attended two (2) meetings of the Audit Committee for the financial year ended 30 June 2019.

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

The Statement on Risk Management and Internal Control is set out on pages 35 to 37 of this Annual Report to provide an overview of the state of risk management and internal control within the Group during the financial year under review.

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

#### 6. COMMUNICATION WITH STAKEHOLDERS

##### Shareholders' Communication and Investor Relations

The Board views the AGM as the primary forum to communicate with shareholders while the Extraordinary General Meetings ("EGM") are held as and when required. Shareholders will receive annual reports and notices of AGM, which are sent out at least twenty-eight (28) days before the date of the AGM. In addition, the Notice of AGM/EGM will be advertised in the newspapers. The Board encourages shareholders to attend the forthcoming AGM and undertakes to answer all questions raised by the shareholders.

The proceedings of the AGM included a question and answer session in which the Chairman of the AGM would invite shareholders to raise questions on the Company's Financial Statements and other items for adoption at the AGM, before putting a resolution to vote. The Chairman of the AGM ensures that all the Directors are able to attend the AGM and sufficient opportunities are given for shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.

The results of all the resolutions set out in the Notice of the AGM will be announced on the same day via Bursa LINK, which is accessible on Bursa Securities' and the Company's websites.

The Board ensures that full information of the Directors who are retiring at the AGM and willing to serve if re-elected are disclosed in the Notice of the AGM.

Explanatory notes facilitating full understanding and evaluation of issues involved in the proposed resolutions accompanying each item of special business are included in the Notice of the AGM.

## Corporate Governance Overview Statement

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

#### 6. COMMUNICATION WITH STAKEHOLDERS (CONT'D)

##### Corporate Disclosure Policy

The Company recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations.

The Board has yet to formalise a Corporate Disclosure Policy. Nonetheless, the Board is committed in ensuring that communications to the investing public regarding the businesses, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators are in accordance with applicable legal and regulatory requirements.

##### Leverage on Information Technology for Effective Dissemination of Information

The Company's website provides all relevant information on the Company and is accessible by the public.

The Company's website is accessible at [www.jftech.com.my](http://www.jftech.com.my).

#### 7. CONDUCT OF GENERAL MEETINGS

##### Shareholders' Participation at General Meetings

The Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Where practicable, the Board is prepared to enter into a dialogue with institutional shareholders. Currently, information is disseminated through various disclosures and announcements made to Bursa Securities. This information is also electronically published at Bursa Securities' website at <http://www.bursamalaysia.com>. The Company also maintain its website at [www.jftech.com.my](http://www.jftech.com.my) containing essential corporate information about the Group and its products as well as announcements made to Bursa Securities for the access of the general public.

##### Poll Voting

Bursa Securities ACE LR require that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll for all general meetings from 1 July 2016 onwards.

The Company had conducted its voting on all resolutions at the 2018 AGM held on 6 December 2018 by poll. The Board will consider and explore the suitability and feasibility of adopting electronic voting in coming years to facilitate greater shareholders participation at general meeting, and to ensure accurate and efficient outcomes of the poll voting process.

This Corporate Governance Overview Statement is made in accordance with a resolution of the meeting of the Board of Directors on 30 September 2019.

## Additional Compliance Information

### OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS

#### Utilisation of Proceeds

The Company did not raise any fund through any corporate proposal during the financial year under review.

#### Audit and Non-Audit Fees

During the financial year, the amount of audit and non-audit fees paid by the Company and the Group to the External Auditors and their affiliated companies or firms are as follows:-

	<b>Company (RM)</b>	<b>Group (RM)</b>
Audit Fees	30,500	81,500
Non-Audit Fees	4,500	20,500

#### Material Contracts

There were no material contracts entered into by the Group involving Directors' and major shareholders' interests either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

## Statement on Risk Management and Internal Control

### INTRODUCTION

The Board of Directors (“**the Board**”) of JF Technology Berhad (“**the Company**”) is committed towards maintaining a sound system of internal control and risk management and is pleased to provide this Statement of Risk Management and Internal Control (“**this Statement**”) which outlines the scope and nature of internal controls and risk management of the Company and its subsidiaries (“**the Group**”) for the financial year ended 30 June 2019.

For the purpose of disclosure, this Statement is prepared pursuant to Rule 15.26 (b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and is guided by the Statement on Risk Management & Internal Control : Guidelines for Directors of Listed Issuers.

### RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises that it is responsible for the Group’s system of risk management and internal control and to review its effectiveness whilst the role of Management is to implement Board policies on risk management and control. The Board is committed to maintain the effective risk management practices, as it understands that such practices are essential in the maintenance of a sound system of internal control.

However, in any system of internal controls, there are inherent limitations that may impede the achievement of the Group’s business objectives. Therefore, the system of internal control can only provide reasonable assurance and not absolute assurance against any material misstatement, losses and fraud.

The Board has received assurance from the Managing Director and Chief Financial Officer that the Group’s risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

### RISK MANAGEMENT FRAMEWORK

Throughout the financial year ended 30 June 2019 and up to the date of approval of this Statement, the Board had identified, evaluated and managed the significant risks faced by the Group by monitoring the Group’s operations performance and profitability during the Board meetings. This serves as an on-going process of identifying, assessing and managing risks faced by the Group. The Board, through its Audit Committee, reviews the results of this process, including mitigating measures implemented by Management to address the key risks as identified.

This review mechanism is overseen by the Audit Committee. The process of risk management is also addressed by compilation of risk profiles of each department in the Group. The risk action plans and internal controls that Management has taken and/or is taking are documented in the minutes of the Audit Committee meetings.

The presence of the internal audit function supports this review mechanism and assists the Audit Committee in conducting their review more effectively. Additionally, the Audit Committee also reviews the financial information and reports produced by Management. This financial information and reports also include quarterly financial results, annual report and Audited Financial Statements. In this respect, the Audit Committee, upon consultation with Management, deliberates the integrity of the information and data before recommending to the Board for presenting to the shareholders and public investors.

### KEY ELEMENTS OF INTERNAL CONTROL

Apart from the above, the fundamental elements of internal controls that have been ingrained perpetually in the Group’s system of internal control are:

- i. Organisation structure defining the hierarchy structure of reporting lines and accountability;
- ii. Limit of authority and approval facilitating delegation of authority and Management succession;

## Statement on Risk Management and Internal Control

### KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

- iii. Compare actual result against budget to monitor and track the Company's performance;
- iv. ISO 9001:2015 Quality Management System forming the basis of operational procedures of the production processes and a reference point to Management in furthering their improvement on their operating procedures;
- v. Clearly defined Terms of Reference of the Board Committee, i.e. Audit Committee, Nomination Committee and Remuneration Committee;
- vi. Regular Management and Operation meetings are conducted to ensure activities and risk mitigation actions are executed; and
- vii. There has been active participation by the Executive Directors in the day-to-day running of business operations and regular dialogue and reporting to the Board of Directors.

The Board views that the existing level of system of internal control is reasonable to achieve the Group's business objectives. Nonetheless, the Board recognises that the system of internal control should be continuously improved to be in line with the evolving business development. It should also be noted that the risk management systems and system of internal control are only designed to manage rather than eliminate risks of failure to achieve the business objectives. Therefore, these systems can only provide reasonable and not absolute assurance against material misstatements, frauds and losses.

### INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent internal audit service provider to carry out reviews and assessment on the adequacy and integrity of the system of internal control of the Group. The independent internal auditors report directly to the Audit Committee, who receives reports of issues and recommendations arising from each review.

The scope of works of the internal audit function includes but not limited to the following :-

- i. Review and assess the adequacy, efficiency and effectiveness of the Group's internal control system.
- ii. Review the extent of compliance of the Group with the policies, standard operating procedures and other laws and regulations which possibly cause significant impact to the business operations of the Group
- iii. Report significant issues in relation to the business operations and activities of the Group and make recommendations for improvements in the internal audit reports to the Audit Committee.
- iv. Conduct follow-up visits to ensure that all agreed corrective action plans are satisfactorily implemented by the respective Management and reports the same to the Audit Committee.
- v. Highlight any irregularities to the Audit Committee.

During the financial year under review, there were no material losses, incurred as a result of weaknesses in the internal control system that would require disclosure in this Annual Report. The Board will continue to improve and enhance the existing risk management and internal control system to ensure its adequacy and relevance in safeguarding the shareholders' interest and the Group's assets.

The costs incurred for the internal audit function in respect of the financial year 2019 was RM34,400.00.

## **Statement on Risk Management and Internal Control**

### **REVIEW OF STATEMENT BY EXTERNAL AUDITORS**

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Risk Management and Internal Control Statement. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysia Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control : Guidelines for Directors of Public Listed Companies to be set out, nor is factually incorrect.

### **ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

The Board is of the view that the risk management and internal control system is sound and adequate to safeguard the Group's operations and assets at the existing level of operations of the Group. No material weakness and/or reported shortfall in the risk management and internal control system has resulted and/or give rise to any material loss, contingency and/or uncertainty during the financial year under review.

This Statement was made in accordance with the resolution of the meeting of the Board on 30 September 2019.

## Audit Committee Report

The Board of Directors of JF Technology Berhad is pleased to present the Audit Committee Report and its activities for the financial year ended 30 June 2019 (“**FYE 2019**”).

### COMPOSITION OF THE AUDIT COMMITTEE AND MEETINGS

During the FYE 2019, the Audit Committee held a total of five (5) meetings. The present members of the Audit Committee of the Company together with their attendance are set out below:

Name	Designation	Attendance
Koay Kah Ee	Chairman/ Senior Independent Non-Executive Director	5/5
Dato’ Philip Chan Hon Keong	Member/ Independent Non-Executive Director	5/5
Lew Jin Aun	Member/ Independent Non-Executive Director	5/5
Datuk Phang Ah Tong <i>(Appointed on 1 September 2018)</i>	Member/ Independent Non-Executive Director	3/4

All members of the Audit Committee have a working familiarity with finance and accounting practices. Mr. Koay Kah Ee is a member of the Malaysian Institute of Accountants.

### FORMATION

The Audit Committee was formed by the Board of Directors on 18 January 2008.

### TERMS OF REFERENCE

The full terms of reference of the Audit Committee, outlining the Audit Committee’s composition, retirement and resignation, proceeding of meetings, authorities, duties and responsibilities, is available on the Company’s website at [www.jftech.com.my](http://www.jftech.com.my).

### SUMMARY OF WORKS DURING THE FYE 2019

The works undertaken by the Audit Committee in the discharge of its functions and duties during the FYE 2019 are summarised as follows:

#### 1) Financial Reporting

- a) Reviewed the quarterly financial statements pertaining thereto and made recommendations to the Board of Directors for approval of the same as follows:

Date of Meetings	Review of Quarterly Financial Statements
24 August 2018	Fourth quarter results for the financial year ended 30 June 2018 (“ <b>FYE 2018</b> ”)
23 November 2018	First quarter results for the FYE 2019
12 February 2019	Second quarter results for the FYE 2019
24 May 2019	Third quarter results for the FYE 2019

The review was to ensure that the Company’s quarterly results were prepared in accordance with:

- Malaysian Financial Reporting Standards;
- International Accounting Standards 34 - Interim Financial Reporting Standards;
- Disclosure provisions of Bursa Malaysia Securities Berhad ACE Market Listing Requirements (“**Bursa Securities ACE LR**”); and
- Companies Act 2016.



## Audit Committee Report

### SUMMARY OF WORKS DURING THE FYE 2019 (CONT'D)

#### 1) Financial Reporting (cont'd)

- b) Reviewed and made recommendations to the Board of Directors in respect of the Audited Financial Statements of the Company and the Group for the FYE 2018 at its meeting held on 21 September 2018 and to ensure that it presented a true and fair view of the Company's financial position and performance for the year and compliance with all the regulatory requirements. In addition, the Audit Committee had reviewed the Audit Completion Report for the FYE 2018 prepared by the External Auditors at the meeting held on 24 August 2018.

#### 2) External Audit

- a) Reviewed and discussed with the External Auditors at the meetings held on 24 August 2018 and 21 September 2018 on the Audit Completion Report for the FYE 2018, Audit Review Memorandum for the FYE 2018 and presentation of the Audited Financial Statements for the FYE 2018. On 24 May 2019, reviewed the Audit Planning Memorandum for the FYE 2019 presented by the External Auditors. Discussed and considered the significant accounting adjustments and auditing issues arising from the final audit with the External Auditors. The Audit Committee also had two (2) private discussions with the External Auditors without the presence of Management and Executive Directors to review on the issues relating to financial controls and operational efficiencies of the Company and its subsidiaries.
- b) Crowe Malaysia PLT, the External Auditors declared their independence and confirmed that they were not aware of any relationship between Crowe Malaysia PLT and the Group that, in their professional judgement, might reasonably be thought to impair their independence.
- c) Evaluated the performance of the External Auditors covering areas such as calibre, quality processes, independence, audit team, audit scope and audit communication as well as the audit fees. Based on the evaluation, the Audit Committee had recommended to the Board of Directors for approval, the re-appointment of the External Auditors for the ensuring financial year of 30 June 2019 at its meeting held on 21 September 2018.

#### 3) Internal Audit

The Company has outsourced its internal audit function to Axcelasia Columbus Sdn. Bhd., an independent professional services firm, to assist the Audit Committee in discharging its duties and responsibilities more effectively.

For the FYE 2019, the internal audit function has successfully conducted the following audits in accordance with their Internal Audit Plan for the FYE 2019 which was approved by the Audit Committee:

Audit Activities	Audit Entity
Assess the adequacy and effectiveness of the system of internal control and compliance with the Group's policies and procedures over Management Information System	J Foong Technologies Sdn. Bhd. JF Microtechnology Sdn. Bhd.
Assess the adequacy and effectiveness of the system of internal control and compliance with the Group's policies and procedures over Human Resource Management	

The Audit Committee reviewed the significant audit findings and recommendations in the Internal Auditors' Report to improve any weakness or non-compliance, and the respective Management's responses thereto during the meetings held on 23 November 2018 and 24 May 2019.

## **Audit Committee Report**

### **SUMMARY OF WORKS DURING THE FYE 2019 (CONT'D)**

#### **4) Risk Management Progress Report**

The Audit Committee also reviewed and discussed on the Risk Management Report for the period from October 2018 to March 2019 and April 2019 to September 2019 which covered the Principal Risks (Strategic, Project and Product Risks) and Non- Principal Risks (Operational and Financial Risks) of the Company during the meetings held on 23 November 2018 and 24 May 2019, respectively.

#### **5) Other Activities**

- a) Reviewed the related party transactions to ensure that it complies with Bursa Securities ACE LR.
- b) Reviewed and recommended to the Board of Directors for approval, the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report.

### **INTERNAL AUDIT FUNCTION**

The Audit Committee is supported by an independent and adequately resourced internal audit function which has been outsourced to a professional services firm. The Audit Committee is aware of the fact that an internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the systems of internal control and this is performed with impartiality, proficiency and due professional care.

During the financial year under review, the internal audit activities have been carried out according to the internal audit plan which has been approved by the Audit Committee. The cost incurred for the internal audit function in respect of the FYE 2019 amounted to RM34,400.00

## Statement of Directors' Responsibility

In Relation to the Financial Statements

Pursuant to the Companies Act 2016, Bursa Malaysia Securities Berhad ACE Market Listing Requirements (“**Bursa Securities ACE LR**”) and the applicable approved accounting policies, the Directors are required to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the financial year end and of the results and cash flows for that year then ended.

The Directors consider that in preparing the financial statements:

- the Group and the Company have used appropriate accounting policies which are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016, Bursa Securities ACE LR and the applicable Malaysian Accounting Standard Board approved accounting standards in Malaysia.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

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## Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the activity of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

### RESULTS

	Group RM'000	Company RM'000
Profit after tax for the financial year	3,016	1,273
Attributable to:-		
Owners of the Company	3,016	1,273
Non-controlling interests	-	-
	3,016	1,273

### DIVIDENDS

At the forthcoming Annual General Meeting, a final dividend of 0.50 sen per ordinary share amounting to RM1,049,998 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 30 June 2020.

### RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

### ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

### OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## Directors' Report

### DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Foong Wei Kuong  
 Datin Wang Mei Ling  
 Goh Kok Sing  
 Koay Kah Ee  
 Dato' Philip Chan Hon Keong  
 Lew Jin Aun  
 Datuk Phang Ah Tong

The name of the director of the Company's subsidiary who served during the financial year and up to the date of this report, not including those directors mentioned above, is as follows:-

Foong Mei Leng

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its subsidiaries during the financial year are as follows:-

	-- Number of Ordinary Shares --			Balance as at 30.6.2019
	Balance as at 1.7.2018	Addition	Sold	
<i>Direct Interests in the Company</i>				
Dato' Foong Wei Kuong	104,864,822	100,700	-	104,965,522
Datin Wang Mei Ling	22,425,645	-	-	22,425,645
Goh Kok Sing	125,000	-	-	125,000
Lew Jin Aun	1,666,666	-	-	1,666,666
Koay Kah Ee	500,000	-	-	500,000
Dato' Philip Chan Hon Keong	333,333	-	-	333,333
Datuk Phang Ah Tong	16,666	60,000	-	76,666
<i>Indirect Interests in the Company</i>				
Lew Jin Aun	833,333	-	-	833,333

By virtue of Section 8 of the Companies Act 2016, Dato' Foong Wei Kuong and Datin Wang Mei Ling are also deemed interested in the shares of the subsidiaries to the extent that the Company has an interest.

## Directors' Report

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 30 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### DIRECTORS' REMUNERATION

The details of the Directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 23 to the financial statements.

### INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for Directors, officers or auditors of the Group and of the Company.

### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

#### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-
  - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required; and
  - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## Directors' Report

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

#### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (a) The Directors are not aware of any circumstances:-
  - (i) which would necessitate the writing off of bad debts or render the amount of the allowance for impairment losses on receivables in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) 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.
- (b) In the opinion of the Directors:-
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

#### (III) AS AT THE DATE OF THIS REPORT

- (a) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secure the liabilities of any other person.
- (b) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

### AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 23 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 September 2019.

**Dato' Foong Wei Kuong**  
Director

**Datin Wang Mei Ling**  
Director



**Statement by Directors**

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

We, Dato' Foong Wei Kuong and Datin Wang Mei Ling, being two of the directors of JF Technology Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 51 to 107 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 of 30 June 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 30 September 2019

**Dato' Foong Wei Kuong**  
Director

**Datin Wang Mei Ling**  
Director

**Statutory Declaration**

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

I, Datin Wang Mei Ling, being the Director primarily responsible for the financial management of JF Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 107 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Datin Wang Mei Ling, NRIC Number: 570819-08-6194  
at Kuala Lumpur  
in the Federal Territory  
on this 30 September 2019

**Datin Wang Mei Ling**

Before me:  
Lai Din (No. W-668)  
Commissioner for Oaths

## Independent Auditors' Report

To the Members of JF Technology Berhad (Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of JF Technology Berhad, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 107.

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 June 2019, and of their financial performance and their cash flows for the financial 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 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the 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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

#### Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises 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.

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

## Independent Auditors' Report

To the Members of JF Technology Berhad (Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the 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 a 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.
- 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.

## Independent Auditors' Report

To the Members of JF Technology Berhad (Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Auditors' Responsibilities for the Audit of the Financial Statements (contd')

- 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, related safeguards.

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 financial year. 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.

#### 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.

**Crowe Malaysia PLT**  
LLP0018817-LCA & AF1018  
Chartered Accountants

30 September 2019

Kuala Lumpur

**Ngiam Mia Teck**  
03000/07/2020 J  
Chartered Accountant

## Statements of Financial Position

As at 30 June 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	20,450	20,522	32	33
Intangible asset	6	-	-	-	-
Investments in subsidiaries	7	-	-	17,801	17,801
		20,450	20,522	17,833	17,834
<b>Current assets</b>					
Inventories	8	2,426	1,914	-	-
Trade and other receivables	9	10,046	5,008	1,512	13
Current tax assets		47	447	1	-
Fixed deposit with a licensed bank	10	223	216	223	216
Cash and cash equivalents	11(b)	11,526	12,976	3,370	3,604
		24,268	20,561	5,106	3,833
<b>TOTAL ASSETS</b>		<b>44,718</b>	<b>41,083</b>	<b>22,939</b>	<b>21,667</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	12	21,253	21,000	21,253	21,000
Reserves	13	10,046	7,283	1,584	564
<b>TOTAL EQUITY</b>		<b>31,299</b>	<b>28,283</b>	<b>22,837</b>	<b>21,564</b>

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

## Statements of Financial Position

As at 30 June 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Non-current liabilities</b>					
Borrowings	14	603	1,482	-	-
Deferred income	17	1,637	1,843	-	-
Deferred tax liabilities	18	898	967	-	-
		3,138	4,292	-	-
<b>Current liabilities</b>					
Trade and other payables	19	9,070	7,549	102	103
Borrowings	14	1,211	904	-	-
Current tax liabilities		-	55	-	-
		10,281	8,508	102	103
<b>TOTAL LIABILITIES</b>		13,419	12,800	102	103
<b>TOTAL EQUITY AND LIABILITIES</b>		44,718	41,083	22,939	21,667

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

## Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	20	23,025	24,929	1,500	-
Cost of sales	21	(6,279)	(6,038)	-	-
Gross profit		16,746	18,891	1,500	-
Other income	22	692	601	118	118
Administrative expenses	23	(13,193)	(17,635)	(344)	(333)
Other expenses	24	(994)	(1,234)	(1)	-
Profit/(Loss) from operations		3,251	623	1,273	(215)
Finance costs	25	(45)	(40)	-	-
Profit/(Loss) before tax		3,206	583	1,273	(215)
Tax expense	26	(190)	(255)	-	(1)
Profit/(Loss) after tax		3,016	328	1,273	(216)
Other comprehensive income		-	-	-	-
Total comprehensive income/(expenses)		3,016	328	1,273	(216)
Profit/(Loss) after tax attributable to:-					
Owners of the Company		3,016	328	1,273	(216)
Non-controlling interests		-	-	-	-
		3,016	328	1,273	(216)
Total comprehensive income/(expenses) attributable to:-					
Owners of the Company		3,016	328	1,273	(216)
Non-controlling interests		-	-	-	-
		3,016	328	1,273	(216)

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

## Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2019

		Group	
	Note	2019 RM'000	2018 RM'000
Earnings per ordinary share (sen)	27		
- Basic		1.44	0.16
- Diluted		1.44	0.16

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



## Statements of Changes in Equity

For the Financial Year Ended 30 June 2019

Group	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2017		12,600	8,743	9,222	30,565
Contributions by and distributions to owners of the Company:					
- Issuance of ordinary shares pursuant to bonus issue	12	8,400	(8,400)	-	-
- Bonus issue expenses		-	(90)	-	(90)
- Dividend paid during the financial year	28	-	-	(2,520)	(2,520)
Total transactions with owners		8,400	(8,490)	(2,520)	(2,610)
Profit after tax/Total comprehensive income		-	-	328	328
Balance as at 30 June 2018/ 1 July 2018		21,000	253	7,030	28,283
Transfer of share premium to share capital		253	(253)	-	-
Profit after tax/Total comprehensive income		-	-	3,016	3,016
Balance as at 30 June 2019		21,253	-	10,046	31,299

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

## Statements of Changes in Equity

For the Financial Year Ended 30 June 2019

Company	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2017		12,600	8,743	3,047	24,390
Contributions by and distributions to owners of the Company:					
- Issuance of ordinary shares pursuant to bonus issue	12	8,400	(8,400)	-	-
- Bonus issue expenses		-	(90)	-	(90)
- Dividend paid during the financial year	28	-	-	(2,520)	(2,520)
Total transactions with owners		8,400	(8,490)	(2,520)	(2,610)
Loss after tax/Total comprehensive expenses		-	-	(216)	(216)
Balance as at 30 June 2018/ 1 July 2018		21,000	253	311	21,564
Transfer of share premium to share capital		253	(253)	-	-
Profit after tax/Total comprehensive income		-	-	1,273	1,273
Balance as at 30 June 2019		21,253	-	1,584	22,837

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

**Statements of Cash Flows**

For the Financial Year Ended 30 June 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax		3,206	583	1,273	(215)
Adjustments for:-					
Depreciation of property, plant and equipment		1,385	1,337	1	1
Dividend income		-	-	(1,500)	-
Interest expenses		45	40	-	-
Inventories written off		63	26	-	-
Unrealised loss on foreign exchange		36	79	-	-
Property, plant and equipment written off		2	3	-	-
Provision for damages		-	6,115	-	-
Amortisation of deferred income	17	(206)	(206)	-	-
Gain on disposal of property, plant and equipment		-	(59)	-	-
Interest income		(244)	(205)	(118)	(118)
Unrealised gain on foreign exchange		(46)	(35)	-	-
Operating profit/(loss) before working capital changes		4,241	7,678	(344)	(332)
Increase in inventories		(575)	(378)	-	-
(Increase)/Decrease in trade and other receivables		(5,081)	489	1	3,000
Increase/(Decrease) in trade and other payables		1,518	75	(1)	25
Cash generated from/(for) operating activities		103	7,864	(344)	2,693
Tax refund/(paid)		87	(540)	(1)	(1)
Net cash from/(for) operating activities		190	7,324	(345)	2,692

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

## Statements of Cash Flows

For the Financial Year Ended 30 June 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Increase in pledged fixed deposit with a licensed bank		(7)	(7)	(7)	
Interest received		244	205	118	118
Proceeds from disposal of property, plant and equipment		-	342	-	-
Purchase of property, plant and equipment	5(b)	(776)	(1,589)	-	-
Net cash (for)/from investing activities		(539)	(1,049)	111	111
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>					
Dividends paid	28	-	(2,520)	-	(2,520)
Interest paid	11(a)	(45)	(40)	-	-
Repayment of borrowing principal	11(a)	(1,111)	(1,347)	-	-
Payment of expenses related to bonus issue		-	(90)	-	(90)
Net cash for financing activities		(1,156)	(3,997)	-	(2,610)
Net (decrease)/increase in cash and cash equivalents		(1,505)	2,278	(234)	193
Cash and cash equivalents at beginning of financial year		12,976	10,803	3,604	3,411
Effects of exchange rate changes		55	(105)	-	-
Cash and cash equivalents at end of financial year	11(b)	11,526	12,976	3,370	3,604

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

## Notes to the Financial Statements

30 June 2019

### 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at Lot 6, Jalan Teknologi 3/6, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya.

The financial statements for the financial year ended 30 June 2019 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution of the Directors dated 30 September 2019.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the activity of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

### 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### 3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

##### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements other than the new classification of financial assets under MFRS 9 which is disclosed in Note 32(b) to the financial statements. This is because the measurement of financial assets under MFRS 9 and the timing and amount of revenue recognised under MFRS 15 are consistent to the Group's current practice.

## Notes to the Financial Statements

30 June 2019

### 3. BASIS OF PREPARATION (CONT'D)

**3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-**

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3 : Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108 : Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

##### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key source 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 other than as disclosed below:-

##### **(a) Depreciation of Property, Plant and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 5 to the financial statements.

## Notes to the Financial Statements

30 June 2019

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

*Key Sources of Estimation Uncertainty (cont'd)*

##### (b) Amortisation of Product Development Costs

The estimates for the residual values, useful lives and related amortisation charges for the product development costs are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its product development costs will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised. The carrying amount of product development costs as at the reporting date is disclosed in Note 6 to the financial statements.

##### (c) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made. The carrying amount of current tax assets/(liabilities) of the Group and of the Company as at the reporting date are:-

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax assets	47	447	1	-
Current tax liabilities	-	(55)	-	-

##### (d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 8 to the financial statements.

##### (e) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables. The carrying amounts of trade receivables as at the reporting period date are disclosed in Note 9 to the financial statements.

## Notes to the Financial Statements

30 June 2019

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

*Key Sources of Estimation Uncertainty (cont'd)*

##### (f) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of the other receivables as at the reporting date are disclosed in Note 9 to the financial statements.

*Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

##### **Classification of Leasehold Land**

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

#### 4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

##### (a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.



## Notes to the Financial Statements

30 June 2019

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.2 BASIS OF CONSOLIDATION (CONT'D)

##### (a) Business Combinations (cont'd)

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

##### (b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

##### (c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

##### (d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 (2018 – MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### 4.3 FUNCTIONAL AND FOREIGN CURRENCIES

##### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

## Notes to the Financial Statements

30 June 2019

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

##### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

#### 4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

##### (a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

###### *Debt Instruments*

##### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

## Notes to the Financial Statements

30 June 2019

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.4 FINANCIAL INSTRUMENTS (CONT'D)

##### (a) Financial Assets (cont'd)

###### *Debt Instruments (cont'd)*

##### (ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

##### (iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

###### *Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

##### (b) Financial Liabilities

##### (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

##### (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

## Notes to the Financial Statements

30 June 2019

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.4 FINANCIAL INSTRUMENTS (CONT'D)

##### (c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

##### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### (e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

#### Accounting Policies Applied Until 30 June 2018

The Group has applied MFRS 9 but has elected not to restate comparative information of its financial instruments. However, there were no material financial impact as the date of initial application. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

- Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.

## Notes to the Financial Statements

30 June 2019

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.4 FINANCIAL INSTRUMENTS (CONT'D)

##### Accounting Policies Applied Until 30 June 2018 (cont'd)

- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### 4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

Equity loan represents non-trade loan granted by the Company to a subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future and is intended to provide the subsidiary with a long-term source of additional capital. It is, in substance, an addition to the Company's investment in the subsidiary and accordingly, is accounted as part of the investment in the subsidiary and measured at cost.

#### 4.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Long-term leasehold land	99 years
Building	50 years
Computer and software	25%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	10%
Plant and machinery	8 - 10%
Renovation	10%
Signboard	10%
Tools and equipment	10%

## Notes to the Financial Statements

30 June 2019

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

#### 4.7 RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

- (a) its ability to measure reliably the expenditure attributable to the asset under development;
- (b) the product or process is technically and commercially feasible;
- (c) its future economic benefits are probable;
- (d) its intention to complete and the ability to use or sell the developed asset; and
- (e) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### 4.8 IMPAIRMENT

##### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

## Notes to the Financial Statements

30 June 2019

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.8 IMPAIRMENT (CONT'D)

###### (a) Impairment of Financial Assets (cont'd)

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

###### Accounting Policy Applied Until 30 June 2018

The Group has applied MFRS 9 but has elected not to restate comparative information of its financial instruments. However, there were no material financial impact as the date of initial application. As a result, the comparative information of the Company's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that events had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

###### (b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an assets is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

## Notes to the Financial Statements

30 June 2019

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.8 IMPAIRMENT (CONT'D)

##### (b) Impairment of Non-financial Assets (cont'd)

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

#### 4.9 FINANCE LEASE

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

#### 4.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price, production costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 4.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, 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 with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

#### 4.12 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.



## Notes to the Financial Statements

30 June 2019

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.13 EMPLOYEE BENEFITS

##### (a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

##### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

#### 4.14 INCOME TAXES

##### (a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and 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 are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

## Notes to the Financial Statements

30 June 2019

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.15 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

#### 4.16 OPERATING SEGMENTS

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

#### 4.17 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

#### 4.18 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

#### 4.19 FAIR VALUE MEASUREMENTS

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement 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.

## Notes to the Financial Statements

30 June 2019

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.19 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

#### 4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

##### **Sales of Electronic Products, Components and Test Probes**

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### 4.21 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

##### **(a) Interest Income**

Interest income is recognised on an accrual basis using the effective interest method.

##### **(b) Dividend Income**

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

##### **(c) Government Grants**

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related expenses which they are intended to compensate for. These grants are presented as a deduction in reporting the related expenses in profit or loss.

Grants that compensate the Group for the cost of an asset are recognised as deferred grant income in the statement of financial position and are amortised to profit or loss on a systematic basis over the expected life of the related asset.

## Notes to the Financial Statements

30 June 2019

### 5. PROPERTY, PLANT AND EQUIPMENT

Group 2019	Balance as at 1.7.2018 RM'000	Additions RM'000	Written off RM'000	Balance as at 30.6.2019 RM'000
<b>Cost</b>				
Long-term leasehold land	4,601	-	-	4,601
Building	11,997	-	-	11,997
Computer and software	1,272	61	(27)	1,306
Furniture and fittings	537	8	#	545
Motor vehicles	1,862	110	(3)	1,969
Office equipment	486	18	(18)	486
Plant and machinery	8,867	898	-	9,765
Renovation	257	30	-	287
Signboard	34	-	-	34
Tools and equipment	1,960	190	(4)	2,146
	31,873	1,315	(52)	33,136

Group 2019	Balance as at 1.7.2018 RM'000	Depreciation charges for the financial year RM'000	Written off RM'000	Balance as at 30.6.2019 RM'000
<b>Accumulated depreciation</b>				
Long-term leasehold land	497	46	-	543
Building	2,153	240	-	2,393
Computer and software	1,104	86	(27)	1,163
Furniture and fittings	454	36	-	490
Motor vehicles	1,166	225	(2)	1,389
Office equipment	330	38	(17)	351
Plant and machinery	3,331	565	-	3,896
Renovation	145	24	-	169
Signboard	2	-	-	2
Tools and equipment	1,237	125	(4)	1,358
	10,419	1,385	(50)	11,754

Note:

# - Amount below RM1,000

## Notes to the Financial Statements

30 June 2019

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2019	Balance as at 1.7.2018 RM'000	Disposal RM'000	Balance as at 30.6.2019 RM'000
<b>Accumulated impairment losses</b>			
Plant and machinery	759	-	759
Tools and equipment	173	-	173
	932	-	932

Group 2018	Balance as at 1.7.2017 RM'000	Additions RM'000	Disposal RM'000	Written off RM'000	Balance as at 30.6.2018 RM'000
<b>Cost</b>					
Long-term leasehold land	4,601	-	-	-	4,601
Building	11,997	-	-	-	11,997
Computer and software	1,165	107	-	-	1,272
Furniture and fittings	533	4	-	-	537
Motor vehicles	1,929	518	(585)	-	1,862
Office equipment	467	29	-	(10)	486
Plant and machinery	7,583	1,291	-	(7)	8,867
Renovation	257	-	-	-	257
Signboard	34	-	-	-	34
Tools and equipment	1,924	40	-	(4)	1,960
	30,490	1,989	(585)	(21)	31,873

## Notes to the Financial Statements

30 June 2019

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2018	Balance as at 1.7.2017 RM'000	Depreciation charges for the financial year RM'000	Disposal RM'000	Written off RM'000	Balance as at 30.6.2018 RM'000
<b>Accumulated depreciation</b>					
Long-term leasehold land	451	46	-	-	497
Building	1,913	240	-	-	2,153
Computer and software	1,021	83	-	-	1,104
Furniture and fittings	407	47	-	-	454
Motor vehicles	1,204	264	(302)	-	1,166
Office equipment	299	41	-	(10)	330
Plant and machinery	2,856	479	-	(4)	3,331
Renovation	119	26	-	-	145
Signboard	1	1	-	-	2
Tools and equipment	1,131	110	-	(4)	1,237
	9,402	1,337	(302)	(18)	10,419

Group 2018	Balance as at 1.7.2017 RM'000	Disposal RM'000	Balance as at 30.6.2018 RM'000
<b>Accumulated impairment losses</b>			
Plant and machinery	759	-	759
Tools and equipment	173	-	173
	932	-	932

## Notes to the Financial Statements

30 June 2019

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2019	Balance as at 1.7.2018 RM'000	Addition RM'000	Balance as at 30.6.2019 RM'000
<b>Cost</b>			
Computer and software	20	-	20
Furniture and fittings	2	-	2
Signboard	34	-	34
	56	-	56
<b>Accumulated depreciation</b>			
Computer and software	20	-	20
Furniture and fittings	1	1	2
Signboard	2	#	2
	23	1	24
<b>Company 2018</b>			
	Balance as at 1.7.2017 RM'000	Addition RM'000	Balance as at 30.6.2018 RM'000
<b>Cost</b>			
Computer and software	20	-	20
Furniture and fittings	2	-	2
Signboard	34	-	34
	56	-	56

Note:

# - Amount below RM1,000

## Notes to the Financial Statements

30 June 2019

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2018	Balance as at 1.7.2017 RM'000	Depreciation charges for the financial year RM'000	Balance as at 30.6.2018 RM'000
<b>Accumulated depreciation</b>			
Computer and software	20	-	20
Furniture and fittings	1	#	1
Signboard	1	1	2
	22	1	23

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Carrying amount</b>				
Long-term leasehold land	4,058	4,104	-	-
Building	9,604	9,844	-	-
Computer and software	143	168	-	-
Furniture and fittings	55	83	-	1
Motor vehicles	580	696	-	-
Office equipment	135	156	-	-
Plant and machinery	5,110	4,777	-	-
Renovation	118	112	-	-
Signboard	32	32	32	32
Tools and equipment	615	550	-	-
	20,450	20,522	32	33

Note:

# - Amount below RM1,000



## Notes to the Financial Statements

30 June 2019

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The net carrying amount of property, plant and equipment of the Group held under hire-purchase arrangements are as follows:-

	2019 RM'000	2018 RM'000
<b>Carrying amount</b>		
Motor vehicles	558	656
Plant and machinery	451	-
	1,009	656

- (b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Purchase of property, plant and equipment	1,315	1,989	-	-
Financed by hire purchase arrangements (Note 11(a))	(539)	(400)	-	-
Cash payments to purchase property, plant and equipment	776	1,589	-	-

- (c) As at 30 June 2019, the long-term leasehold land and a building of a subsidiary with a carrying amount of approximately RM13,662,000 (2018: RM13,948,000) have been charged to a financial institution for a term loan facility granted to the Group as disclosed in Note 15 to the financial statements.

### 6. INTANGIBLE ASSET – PRODUCT DEVELOPMENT COST

	Group	
	2019 RM'000	2018 RM'000
Cost	1,967	1,967
Less:		
- accumulated amortisation	(980)	(980)
- accumulated impairment losses	(987)	(987)
Carrying amount	-	-

Product development costs comprised salaries of personnel involved in the development and design of products prior to the commencement of commercial production.

## Notes to the Financial Statements

30 June 2019

### 7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Unquoted shares - at cost	10,901	10,901
Equity loan to a subsidiary	6,900	6,900
	<u>17,801</u>	<u>17,801</u>

Equity loan to a subsidiary is unsecured, interest-free and has no fixed terms of repayment.

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal activities
		2019	2018	
J Foong Technologies Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and trading of electronic product components.
JF Microtechnology Sdn. Bhd.	Malaysia	100%	100%	Design, development, custom manufacture and sale of integrated circuit test sockets, interconnect, test solutions and equipment for the semi-conductor and electronic assembly markets.

### 8. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
<b>At cost</b>		
Raw materials	789	653
Work-in-progress	264	252
Finished goods	1,372	1,008
	<u>2,425</u>	<u>1,913</u>
<b>At net realisable value</b>		
Raw materials	1	1
	<u>2,426</u>	<u>1,914</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	872	1,040
Amount written off	63	26

## Notes to the Financial Statements

30 June 2019

## 9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Trade receivables</b>				
Third parties	3,418	4,775	-	-
<b>Other receivables, deposits and prepayments</b>				
Other receivables	10	-	-	-
Deposits	6,462	108	-	-
Prepayments	156	69	12	13
Goods and services tax receivable	-	56	-	-
Dividend receivable	-	-	1,500	-
	6,628	233	1,512	13
	10,046	5,008	1,512	13

Trade receivables are non-interest bearing and the normal credit terms granted by the Group range from 30 to 90 days (2018: 30 to 90 days) from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in deposits is an amount of approximately RM6,260,000 being funds deposited into the trust account of a lawyer in The United States of America in respect of the damages awarded to the plaintiff as disclosed in Note 34 to the financial statements.

(a) The foreign currency exposure profile of trade and other receivables is as follows:-

	Group	
	2019 RM'000	2018 RM'000
United States Dollar	8,825	2,834
Chinese Renminbi	9	-

(b) Information on financial risks of trade and other receivables are disclosed in Note 33 to the financial statements.

## Notes to the Financial Statements

30 June 2019

### 10. FIXED DEPOSIT WITH A LICENSED BANK

- (a) The fixed deposit with a licensed bank of the Company at the end of the reporting period bore an effective interest rate of 3.15% (2018: 3.15%) per annum. The fixed deposit has a maturity period of 30 days (2018: 30 days).
- (b) The fixed deposit of the Company at the end of the reporting period is pledged to a licensed bank as security for banking facilities granted to a subsidiary.

### 11. CASH FLOW INFORMATION

- (a) The reconciliations of liabilities arising from financing activities are as follows:-

	Hire Purchase Payables RM'000	Term Loan RM'000	Total RM'000
<b>The Group</b>			
<b>2019</b>			
At 1 July 2018	555	1,831	2,386
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing interests	(24)	(21)	(45)
Repayment of borrowing principal	(186)	(925)	(1,111)
Drawdown of facility (Note 5(b))	539	-	539
	329	(946)	(617)
<u>Non-cash Changes</u>			
Finance charges recognised in profit or loss	24	21	45
At 30 June 2019	908	906	1,814
<b>2018</b>			
At 1 July 2017	572	2,761	3,333
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing interests	(24)	(16)	(40)
Repayment of borrowing principal	(417)	(930)	(1,347)
Drawdown of facility (Note 5(b))	400	-	400
	(41)	(946)	(987)
<u>Non-cash Changes</u>			
Finance charges recognised in profit or loss	24	16	40
At 30 June 2018	555	1,831	2,386

## Notes to the Financial Statements

30 June 2019

### 11. CASH FLOW INFORMATION (CONT'D)

(b) The cash and cash equivalents comprise the following:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash in hand	8	37	#	#
Bank balances	4,152	6,995	110	115
Cash and bank balances	4,160	7,032	110	115
Short-term funds:				
- Money market unit trust funds in Malaysia	7,366	5,944	3,260	3,489
Cash and cash equivalents	11,526	12,976	3,370	3,604

Money market unit trust funds represent investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

The foreign currency exposure profile of cash and cash equivalents is as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
United States Dollar	2,124	4,626	-	-

Note:

# - Amount below RM1,000

## Notes to the Financial Statements

30 June 2019

### 12. SHARE CAPITAL

	Group/Company			
	2019		2018	
	Number of shares '000	RM'000	Number of shares '000	RM'000
<b>Issued and Fully Paid-Up</b>				
Ordinary shares				
At 1 July 2018/2017	210,000	21,000	126,000	12,600
Transfer from share premium account	-	253	-	-
Bonus issue	-	-	84,000	8,400
At 30 June 2019/2018	210,000	21,253	210,000	21,000

- (i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (ii) Included in share capital is share premium amounting to approximately RM253,000 that was utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (twenty-four (24) months from the commencement of Section 74 of the Companies Act 2016).
- (iii) In the previous financial year, the Company had utilised approximately RM8,400,000 from the share premium for the issuance of new ordinary shares arising from the bonus issue on the basis of 2 bonus shares for every 3 existing shares held. The new ordinary shares issued ranked pari passu with the existing ordinary shares of the Company.

### 13. RESERVES

In the previous financial year, included in reserves was a share premium of approximately RM253,000 that was available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (twenty-four (24) months from the commencement of Section 74 of the Companies Act 2016).

During the current financial year, the share premium of approximately RM253,000 was transferred to share capital.

## Notes to the Financial Statements

30 June 2019

## 14. BORROWINGS

	Note	Group	
		2019 RM'000	2018 RM'000
<b>Current liabilities</b>			
Term loan	15	906	739
Hire purchase payables	16	305	165
		1,211	904
<b>Non-current liabilities</b>			
Term loan	15	-	1,092
Hire purchase payables	16	603	390
		603	1,482
		1,814	2,386
<b>Total borrowings</b>			
Term loan	15	906	1,831
Hire purchase payables	16	908	555
		1,814	2,386

## 15. TERM LOAN

	Group	
	2019 RM'000	2018 RM'000
Term loan	906	1,831
<b>Analysed by:-</b>		
Current liability (Note 14)	906	739
Non-current liability (Note 14)	-	1,092
	906	1,831

The term loan was drawn down by a subsidiary of the Group. The term loan of the Group at the end of the reporting period bore an effective interest rate of 4.72% (2018: 4.97%) per annum.

## Notes to the Financial Statements

30 June 2019

### 15. TERM LOAN (CONT'D)

Term loan of the Group is secured by:-

- (i) a first party charge over the long-term leasehold land and building of a subsidiary as disclosed in Note 5 to the financial statements; and
- (ii) a corporate guarantee of the Company.

Information on financial risks of borrowings is disclosed in Note 33 to the financial statements.

### 16. HIRE PURCHASE PAYABLES

	Group	
	2019 RM'000	2018 RM'000
Minimum hire purchase payments:		
- not later than one (1) year	341	172
- later than one (1) year but not later than five (5) years	633	420
Total minimum hire purchase payments	974	592
Less: Future interest charges	(66)	(37)
Present value of hire purchase payments	908	555
<b>Analysed by:-</b>		
Current liabilities (Note 14)	305	165
Non-current liabilities (Note 14)	603	390
	908	555

The hire purchase payables of the Group are secured by the Group's motor vehicles and plant and machinery under finance leases as disclosed in Note 5 to the financial statements. The hire purchase arrangements are expiring from 1 to 4 (2018: 2 to 5) years.

### 17. DEFERRED INCOME

	Group	
	2019 RM'000	2018 RM'000
Balance as at 1 July 2018/2017	1,843	2,049
Recognised in profit or loss (Note 22)	(206)	(206)
Balance as at 30 June 2019/2018	1,637	1,843

The Group received government grants in relation to the purchase of property, plant and equipment. The grants are being amortised over the useful lives of the property, plant and equipment.



## Notes to the Financial Statements

30 June 2019

## 18. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:-

	Group	
	2019 RM'000	2018 RM'000
Balance as at 1 July 2018/2017	967	979
Recognised in profit or loss (Note 26)	(69)	(12)
Balance as at 30 June 2019/2018	898	967

(b) The deferred tax liabilities/(asset) are attributable to the following:-

	Group	
	2019 RM'000	2018 RM'000
<u>Deferred tax asset:-</u>		
Unutilised tax losses	(63)	(63)
<u>Deferred tax liabilities:-</u>		
Accelerated capital allowances over depreciation	958	1,030
Others	3	-
	961	1,030
	898	967

## 19. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Trade payables</b>				
Third parties	156	157	-	-
<b>Other payables and accruals</b>				
Other payables	799	891	2	3
Accruals	1,851	345	100	100
Provision for damages (Note 34)	6,260	6,115	-	-
Goods and services tax payable	-	41	-	-
Sales and services tax payable	4	-	-	-
	8,914	7,392	102	103
	9,070	7,549	102	103

## Notes to the Financial Statements

30 June 2019

### 19. TRADE AND OTHER PAYABLES (CONT'D)

- (a) Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 60 days (2018: 30 to 60 days) from date of invoice.
- (b) The foreign currency exposure profile of trade and other payables is as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
United States Dollar	6,928	6,873	-	-

- (c) Information on financial risks of trade and other payables are disclosed in Note 33 to the financial statements.

### 20. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<u>Revenue from Contracts with Customers</u>				
Sale of electronic products, components and test probes	23,025	24,929	-	-
<u>Revenue from Other Sources</u>				
Dividend income from a subsidiary	-	-	1,500	-

### 21. COST OF SALES

	Group	
	2019 RM'000	2018 RM'000
Included in cost of sales are:-		
Depreciation of property, plant and equipment	689	589
Inventories written off	63	26
Rental of premises	38	29

## Notes to the Financial Statements

30 June 2019

## 22. OTHER INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Included in other income are:-				
Amortisation of deferred income	206	206	-	-
Gain on disposal of property, plant and equipment	-	59	-	-
Interest income from:				
- fixed deposit	7	6	7	6
- short-term funds	237	199	111	112
Gain on foreign exchange				
- realised	178	77	-	-
- unrealised	46	35	-	-

## 23. ADMINISTRATIVE EXPENSES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Included in administrative expenses are:-				
Auditors' remuneration:				
- audit fees	82	79	30	30
- non audit fees	21	5	5	5
Directors' remuneration:				
- fees	125	107	125	107
- emoluments other than fees	1,638	1,486	23	20
Rental of premises	44	42	-	-
Provision for damages	-	6,115	-	-

## Notes to the Financial Statements

30 June 2019

### 24. OTHER EXPENSES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Included in other expenses are:-				
Depreciation of property, plant and equipment	696	748	1	1
Property, plant and equipment written off	2	3	-	-
Loss on foreign exchange:				
- realised	260	404	#	-
- unrealised	36	79	-	-

Note:

# - Amount below RM1,000

### 25. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expenses:				
- hire purchase	24	24	-	-
- term loan	21	16	-	-
	45	40	-	-

## Notes to the Financial Statements

30 June 2019

## 26. TAX EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax:				
- for the financial year	247	317	-	1
- Under/(over)provision in the previous financial year	12	(50)	-	-
	259	267	-	1
Deferred tax (Note 18):				
- relating to origination and reversal of temporary differences	(69)	(6)	-	-
- overprovision in the previous financial year	-	(6)	-	-
	(69)	(12)	-	-
	190	255	-	1

A subsidiary is granted Pioneer Status under the Promotion of Investments Act 1986, for a period of five (5) years which commenced from 1 April 2006 to 31 March 2011, as an incentive for the production of interconnect and integrated circuit test socket. The Pioneer Status was extended for another five (5) years which commenced from 1 April 2011 and expired on 31 March 2016. The subsidiary has been granted an extension of Pioneer Status commencing from 1 April 2016 to 31 March 2021.

The salient terms of the Pioneer Status are as follows:-

- (i) the subsidiary is granted 100% tax exemption on business income;
- (ii) unabsorbed pioneer capital allowances can be carried forward to the post pioneer period; and
- (iii) unabsorbed pioneer losses can be carried forward to the post pioneer period.

## Notes to the Financial Statements

30 June 2019

### 26. TAX EXPENSE (CONT'D)

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(Loss) before tax	3,206	583	1,273	(215)
Tax at statutory tax rate of 24% (2018: 24%)	769	140	305	(52)
Tax effects in respect of:-				
Non-allowable expenses	669	2,090	55	53
Non-taxable income	(80)	(91)	(360)	-
Tax-exempt income from Pioneer Status	(1,180)	(1,828)	-	-
	178	311	-	1
Under/(Over)provision in the previous financial year:				
- current tax	12	(50)	-	-
- deferred tax	-	(6)	-	-
	190	255	-	1

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year.

### 27. EARNINGS PER ORDINARY SHARE

#### (a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2019	2018
Earnings for the financial year attributable to equity holders of the parent (RM'000)	3,016	328
Weighted average number of ordinary shares in issue ('000)	210,000	210,000
Basic earnings per ordinary share (sen)	1.44	0.16

## Notes to the Financial Statements

30 June 2019

### 27. EARNINGS PER ORDINARY SHARE (CONT'D)

#### (b) Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as the basic earnings per ordinary share as there is no dilutive potential ordinary shares outstanding at the end of the reporting period.

### 28. DIVIDEND

	Group/Company	
	2019	2018
	RM'000	RM'000
Final single tier dividend of 2.0 sen per ordinary share in respect of the previous financial year, paid on 29 December 2017	-	2,520

At the forthcoming Annual General Meeting, a final dividend of 0.50 sen per ordinary share amounting to RM1,049,998 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 30 June 2020.

### 29. EMPLOYEE BENEFITS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salaries and allowances	6,414	6,054	-	-
Defined contribution plan	831	759	-	-
Other employee benefits	1,553	1,179	23	20
	<u>8,798</u>	<u>7,992</u>	<u>23</u>	<u>20</u>

Included in employee benefits of the Group and of the Company are Directors' other emoluments amounting to RM1,763,000 (2018: RM1,593,000) and RM23,000 (2018: RM20,000) respectively.

### 30. RELATED PARTY DISCLOSURES

#### (a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

## Notes to the Financial Statements

30 June 2019

### 30. RELATED PARTY DISCLOSURES (CONT'D)

#### (b) Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

<b>Company</b>	<b>2019</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>
Dividend received/receivable from a subsidiary	1,500	-

The abovementioned related party transactions were carried out based on negotiated terms and conditions that were mutually agreed with respective related parties.

#### (c) Compensation of Key Management Personnel

The key management personnel of the Group and of the Company include executive directors, non-executive directors of the Company and certain members of senior management of the Company.

The key management personnel compensation during the financial year are as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2019</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>	<b>2019</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>
<i>Executive Directors:</i>				
Short-term employee benefits:				
- salaries and allowances	1,309	1,184	-	-
- defined contribution plan	240	225	-	-
- others	66	57	-	-
<i>Non-executive Directors:</i>				
Short-term employee benefits:				
- allowances	23	20	23	20
- fee	125	107	125	107
<i>Key Management Personnel:</i>				
Short-term employee benefits:				
- salaries and allowances	1,003	870	-	-
- defined contribution plan	123	106	-	-
- others	75	36	-	-
<b>Total</b>	<b>2,964</b>	<b>2,605</b>	<b>148</b>	<b>127</b>

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM65,820 (2018: RM65,736).



## Notes to the Financial Statements

30 June 2019

### 31. SEGMENTAL INFORMATION

#### (a) Segmental information

The revenue from external customers in Malaysia amounted to approximately RM6,722,000 (2018: approximately RM8,225,000), and the total revenue from external customers from other countries amounted to approximately RM16,303,000 (2018: RM16,704,000).

Segment analysis has not been prepared as the Group's business is focused only in manufacturing and trading of electronic products, components and test probes, including production, packaging, marketing and distribution of its products principally in Malaysia, and this forms the focus of the Group's internal reporting systems.

The chief operating decision maker reviews the business performance of the Group as a whole and management monitors the operating results of its business for the purpose of making decisions on resources allocation and performance assessment.

#### (b) Geographical information

For the purpose of disclosing geographical information, revenue is based on the geographical location of customers from which the sales transactions originated.

Revenue from external customers	2019 RM'000	2018 RM'000
Malaysia	6,722	8,225
China	6,250	6,356
United States	2,580	3,650
Taiwan	2,143	1,777
Philippines	1,698	2,065
Others	3,632	2,856
Total	23,025	24,929

The Group does not have any non-current assets that are located in countries other than Malaysia.

#### (c) Information about major customers

Revenue from transactions with major customers who accounted for 10% or more of the Group's revenue are as follows:-

	Revenue	
	2019 RM'000	2018 RM'000
Customer A	4,766	5,799
Customer B	3,003	3,032

## Notes to the Financial Statements

30 June 2019

### 32. FINANCIAL INSTRUMENTS

#### (a) Capital Management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity ratio.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

There was no change in the Group's approach to capital management during the financial year.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by equity. The Group includes within net debt, loans and borrowings, less cash and cash equivalents. Capital represents equity attributable to the owners of the parent.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total loans and borrowings.

#### (b) Classification of Financial Instruments

	2019	
	Group RM'000	Company RM'000
<b>Financial Assets</b>		
<u>Amortised Cost</u>		
Trade and other receivables	3,428	1,500
Fixed deposit with a licensed bank	223	223
Cash and bank balances	4,160	110
	7,811	1,833
<u>Mandatorily at Fair Value through Profit or Loss</u>		
Short-term funds	7,366	3,260
	7,366	3,260
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Borrowings	1,814	-
Trade and other payables	2,806	102
	4,620	102

## Notes to the Financial Statements

30 June 2019

## 32. FINANCIAL INSTRUMENTS (CONT'D)

## (b) Classification of Financial Instruments (cont'd)

	2018	
	Group RM'000	Company RM'000
<b>Company</b>		
<b>Financial Assets</b>		
<u>Loans and Receivables Financial Assets</u>		
Trade and other receivables	4,775	-
Fixed deposit with a licensed bank	216	216
Cash and bank balances	7,032	115
	<u>12,023</u>	<u>331</u>
<u>Fair Value through Profit or Loss</u>		
Short-term funds	5,944	3,489
<b>Financial Liability</b>		
<u>Other Financial Liabilities</u>		
Borrowings	2,386	-
Trade and other payables	1,393	103
	<u>3,779</u>	<u>103</u>

## (c) Gains or Losses Arising from Financial Instruments

	2019	
	Group RM'000	Company RM'000
<b>Financial Assets</b>		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Net gains recognised in profit or loss	237	111
<u>Amortised Cost</u>		
Net (losses)/gains recognised in profit or loss	(58)	7
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(52)	-

## Notes to the Financial Statements

30 June 2019

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Gains or Losses Arising from Financial Instruments (cont'd)

	2018	
	Group RM'000	Company RM'000
<b>Financial Assets</b>		
<u>Fair Value Through Profit or Loss</u>		
Net gains recognised in profit or loss	199	112
<u>Loans and Receivables Financial Asset</u>		
Net (losses)/gains recognised in profit or loss	(376)	6
<b>Financial Liability</b>		
<u>Other Financial Liability</u>		
Net losses recognised in profit or loss	(29)	-

#### (d) Fair Value Information

The fair values of the financial asset and financial liabilities of the Group and the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are determined by discounting the relevant cash flows at rates equal to the market rate plus appropriate credit rating, when necessary. The fair values are included in level 2 of the fair value hierarchy.

	Fair Value of Financial Instruments Carried at Fair Value Level 2 RM'000	Fair Value of Financial Instruments Not Carried at Fair Value Level 2 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
<b>Group</b>				
<b>2019</b>				
<u>Financial Asset</u>				
Short-term funds	7,366	-	7,366	7,366
<u>Financial Liabilities</u>				
Hire purchase payables	-	901	901	908
Term loan	-	906	906	906

## Notes to the Financial Statements

30 June 2019

## 32. FINANCIAL INSTRUMENTS (CONT'D)

## (d) Fair Value Information (cont'd)

<b>Group</b>	<b>Fair Value of Financial Instruments Carried at Fair Value Level 2 RM'000</b>	<b>Fair Value of Financial Instruments Not Carried at Fair Value Level 2 RM'000</b>	<b>Total Fair Value RM'000</b>	<b>Carrying Amount RM'000</b>
<b>2018</b>				
<u>Financial Asset</u>				
Short-term funds	5,944	-	5,944	5,944
<u>Financial Liabilities</u>				
Hire purchase payables	-	533	533	555
Term loan	-	1,831	1,831	1,831
<b>Company</b>				
<b>2019</b>				
<u>Financial Asset</u>				
Short-term funds	3,260	-	3,260	3,260
<b>2018</b>				
<u>Financial Asset</u>				
Short-term funds	3,489	-	3,489	3,489

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the Group's term loan that carry floating interest rates approximated their carrying amounts as they are repriced to market rates on or near the reporting date.
- (ii) The fair value of hire purchase payables are determined by discounting the relevant cash flows using current market interest rate for similar instrument at the end of the reporting period. The interest rate used to discount the estimated cash flows is as follows:-

	<b>2019 %</b>	<b>2018 %</b>
Hire purchase payables	4.81	5.37

## Notes to the Financial Statements

30 June 2019

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

#### (a) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counterparty fails to perform as contracted. The counterparties on trade receivables are mainly reputable multinational organisations. It is the policy of the Group to monitor the financial standing of these counterparties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for certain new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to three (3) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Company provides financial guarantee to financial institutions for credit facilities granted to a subsidiary. The Company monitors the results of this subsidiary regularly and repayments made by the subsidiary.

##### (i) Credit risk concentration profile

The Group determines concentration of credit risk by monitoring its trade receivables on an ongoing basis.

As at 30 June 2019, other than the amounts owing by two (2) (2018: three (3)) major customers of the Group constituting 22% (2018: 45%) of total trade receivables of the Group, there is no significant concentration of credit risk.

##### (ii) Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiary as disclosed under the 'Liquidity and cash flow risk' of item (b) below, representing the outstanding banking facilities of the subsidiary as at the end of the reporting period. As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

## Notes to the Financial Statements

30 June 2019

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### (a) Credit risk (cont'd)

##### (iii) Assessment of impairment losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

##### *Trade Receivables*

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 1 year, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customer to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables is summarised below:-

<b>The Group</b>	<b>Gross Amount RM'000</b>	<b>Lifetime Loss Allowance RM'000</b>	<b>Carrying Amount RM'000</b>
<b>2019</b>			
Current (not past due)	3,224	-	3,224
1 to 30 days past due	185	-	185
31 to 60 days past due	9	-	9
	3,418	-	3,418

## Notes to the Financial Statements

30 June 2019

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (a) Credit risk (cont'd)

##### (iii) Assessment of impairment losses (cont'd)

##### *Trade Receivables (cont'd)*

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:-

<b>The Group</b>	<b>Gross Amount RM'000</b>	<b>Individual Impairment RM'000</b>	<b>Carrying Amount RM'000</b>
<b>2018</b>			
Not past due	4,652	-	4,652
Past due:			
- 91 to 120 days	96	-	96
- More than 120 days	27	-	27
	4,775	-	4,775

##### *Other Receivables*

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

##### *Fixed Deposits with a Licensed Bank, Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

##### *Financial Guarantee Contracts*

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

#### (b) Liquidity and cash flow risk

The Group actively manages its operating cash flows and the availability of funding to ensure all financing, repayment and funding needs are met. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.



## Notes to the Financial Statements

30 June 2019

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (b) Liquidity and cash flow risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

As at 30 June 2019	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 year RM'000	1 to 5 years RM'000
<b>Group</b>					
Financial Liabilities:-					
Trade and other payables	-	2,806	2,806	2,806	-
Term loan	4.72	906	906	906	-
Hire purchase payables	5.04	908	974	341	633
Total undiscounted financial liabilities		4,620	4,686	4,053	633
<b>Company</b>					
Financial Liabilities:-					
Other payables	-	102	102	102	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	1,350	1,350	-
Total undiscounted financial liabilities		102	1,452	1,452	-

## Notes to the Financial Statements

30 June 2019

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (b) Liquidity and cash flow risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

As at 30 June 2018	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 year RM'000	1 to 5 years RM'000
<b>Group</b>					
<u>Financial Liabilities:-</u>					
Trade and other payables	-	1,393	1,393	1,393	-
Term loan	4.97	1,831	1,831	739	1,092
Hire purchase payables	5.37	555	592	172	420
Total undiscounted financial liabilities		3,779	3,816	2,304	1,512
<b>Company</b>					
<u>Financial Liabilities:-</u>					
Other payables	-	103	103	103	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	1,831	1,831	-
Total undiscounted financial liabilities		103	1,934	1,934	-

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiary at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

## Notes to the Financial Statements

30 June 2019

### 33. 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 financial instruments of the Group would fluctuate because of changes in market interest rates.

The exposure of the Group in interest rates risk arises primarily from interest bearing financial asset and financial liabilities. The Group does not use derivative financial instruments to hedge its risk but regularly reviews its debt portfolio to enable it to source low interest funding.

#### Sensitivity analysis for interest rate risk

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

#### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar.

It is not the Group's policy to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows on transactions denominated in foreign currency as transactions denominated in foreign currency are minimal.

Information regarding foreign currency exposure is disclosed in Notes 9(a), 11(b) and 19(b) to the financial statements.

#### Sensitivity analysis for foreign currency risk

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

		<b>Group</b>	
		<b>2019</b>	<b>2018</b>
		<b>RM'000</b>	<b>RM'000</b>
		<b>Profit after</b>	<b>Profit after</b>
		<b>tax</b>	<b>tax</b>
USD/RM	- strengthened by 5%	+153	+22
	- weakened by 5%	-153	-22

#### (e) Equity price risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

## Notes to the Financial Statements

30 June 2019

### 34. MATERIAL LITIGATION

On 20 June 2014, an action for patent infringement (“Compliant”) was filed against JF Technology Berhad, JF Microtechnology Sdn. Bhd. and J Foong Technologies Sdn. Bhd. (collectively referred as “the Group” and “Defendant”) by Johnstech International Corp. (“JTI”) in the United States District Court for the Northern District of California, Case No.:5:14-cv-02864-PSG. In this action, JTI asserts claims of infringement of United States Patent No. 7,059,866 (“the ‘866 Patent”), entitled “Integrated Circuit Test Contact to Test Apparatus”, in connection with test contact products sold under the brand name ZIGMA (collectively referred as “the Compliant”).

On 5 August 2014, the Group had officially accepted the suit following the appointment of a local Intellectual Property (“IP”) consultant and lawyers in United States, namely Advanz Fidelis Sdn. Bhd. and Nixon Peabody LLP (“US Lawyers”) respectively.

The amount of claim was not indicated in the Complaint. In view thereof, the Group could not ascertain the maximum exposure to liabilities in relation to the Complaint.

As United States patent laws do not apply outside the United States, the manufacture, use, sale, and offering for sale of the ZIGMA products outside the United States are not affected by this case. In addition, JTI has not to date taken the necessary steps to pursue any judicial or customs restrictions on the Group’s activities in the United States, there is no current credible threat that this case will disrupt the Group’s activities inside the United States. The litigation process, including appeals, is expected to last approximately two to three years or more before the final outcome is known.

On 3 October 2014, the Group had through its US Lawyers filed the motion to dismiss and related papers in the court. On 12 November 2014, the Court dismissed the Complaint against J Foong Technologies Sdn. Bhd. for lack of jurisdiction and also dismissed JTI’s claim for inducement of infringement due to insufficiency of the allegations regarding the specific intent required for inducement. Subsequently, on 15 April 2015, the Court dismissed the Complaint against JF Technology Berhad for lack of jurisdiction and dismissed without prejudice JTI’s claim for inducement of infringement.

Both parties had therefore filed their respective amended complaints again. The discovery process is still ongoing and pending from the Court for further direction. JTI filed their reply claim construction brief and this closes the briefing on claim construction. Case Management Conference was held on 24 June 2015. The claim constructions tutorial and hearing were held on 29 September 2015 and 8 October 2015 respectively. Both parties worked to finalise a selection of expert witness candidates who were available and clear of conflicts. Mediation between both parties was held about 45-60 days after the 8 October 2015 claim construction hearing.

Claim constructions tutorial and hearing were completed as per schedule. Deposition on the relevant witnesses from the Company were conducted and completed in Kuala Lumpur on 5 November 2015 whilst the deposition on JTI’s witnesses were conducted in United States from 11 to 13 November 2015. On 8 August 2016, the Court has granted summary judgement to Johnstech in regards of the counter claims on defamation.

On 12 August 2016, the Court ordered summary judgement on its finding that there is no literal infringement of the said patent. However, the Court refused to order summary judgement on the issue of infringement under the doctrine of equivalents and on inducement, and it also deferred its ruling on willfulness.

The Court ordered that these issues go to trial. The trial was heard from 19 September 2016 to 27 September 2016. On 27 September 2016, the jury returned a verdict that all 4 claims of the JTI’866 Patent were infringed by Zigma product. The jury awarded damages of USD636,807 against Defendant. The Group was informed by its attorneys in the United States that the jury verdicts regarding willfulness and obviousness are advisory only, as these are issues the Court will decide.

The presiding judge, Judge Donato, indicated that he would not enter a final judgement in the case until after all post-trial motions are resolved and ordered JTI and the Defendant to meet and confer on a proposed schedule for such motions. The proposed schedule was filed by 4 October 2016. It was anticipated that it may be early 2017 when the post-trial are decided and final judgement is entered. The damages award will not be required to be paid until final judgement is entered, at the soonest.

## Notes to the Financial Statements

30 June 2019

### 34. MATERIAL LITIGATION (CONT'D)

Judge Donato had ordered parties to participate in another mandatory mediation before the hearing on the post-trial motions. Both parties attended the mediation hearing before Judge Conley on 14 November 2016 and there was no final judgement entered.

Judge Donato had another mandatory mediation with both parties on 18 May 2017 and there was no final judgement entered yet. He had ordered both the Plaintiff and Defendant to submit and exchange the post-trial motions and responses on the briefings to Judge Donato latest by 13 July 2017.

The post-trial motions was heard on 26 April 2018, and on 19 June 2018, the motion was dismissed by the Court, and the jury verdict finding infringement against the Defendant was sustained.

In its judgement on 19 June 2018, the Court also made an order permanently enjoining the Defendant from infringing or inducing the infringement of the United States Patent No. 7,059,866, ("US'866 Patent") until the expiration of the patent, by:-

1. Making, using, offering to sell or importing into the United States any product that infringes the US's Patent, including the Zigma product, and those no more colorably different from the Zigma product ("Enjoined Products"); and
2. Assisting others in advertising, marketing, promoting, licensing, designing, making, using, offering to sell, importing into the United States, any Enjoined Products.

In its order, the Court also retains its jurisdiction to enforce, modify, extend or dissolve this injunction and to decide all disputes about whether a specific product or feature is more than colorably different from the Zigma product.

The Court had made an order dated 6 August 2018 awarding JTI damages in the sum of USD1,514,429 and refusing JTI's motion for attorney's fees to be paid to JTI.

The Defendant had given instructions to its US counsel to appeal against the judgement of the Court and, if necessary, to apply for a stay of enforcement of the judgement.

The Group had made a provision of damages for the amount of USD1,514,429, equivalent to RM6,114,507 as at 30 June 2018. Subsequently, the Group had transferred the sum of money to the US lawyer, Kilpatrick Townsend & Stockton LLP.

The Defendant's US lawyer had filed an appellant's response and reply brief to the United States Court of Appeals for the Federal Circuit on 11 January 2019 and had an oral argument on 10 July 2019.

The United States Court of Appeals for the Federal Circuit had issued an order affirming the judgement in all respects of the District Court's decision on 19 June 2018 and dismissing the Defendant's appeal and JTI's cross-appeal with no additional damages and costs on 16 July 2019. With this order, the case had now officially come to an end.

## List of Properties

No	Name of registered owner: Lot. No. /Postal address	Description/ Existing use	Tenure	Year of Expiry	Net book value RM'000	Area (sq. ft.)	Age of building (Year)	Date of revaluation
1	JF Microtechnology Sdn. Bhd. H.S. (D) 241029, PT No. PT9918, Mukim of Pekan Baru Sungai Buloh, District of Petaling, State of Selangor	2-storey office cum factory/ Corporate Headquarters & factory	99 years Leasehold (87 years)*	2106	13,662	92,783	10	18 September 2007 §
	<b><u>Bearing postal address:</u></b> Lot No. 6, Jalan Teknologi 3/6, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan							

Notes:

\* Balance of leasehold tenure

§ Date of acquisition

## Analysis of Shareholdings

As at 5 September 2019

Total Number of Issued Shares	:	209,999,685 Ordinary Shares
Class of Shares	:	Ordinary shares
Number of Shareholders	:	1,065
Voting Rights	:	One (1) vote per shareholder on a show of hands One (1) vote per ordinary share on a poll

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1-99	94	8.83	3,972	0.00
100-1,000	134	12.58	69,724	0.03
1,001-10,000	436	40.94	2,150,132	1.02
10,001-100,000	308	28.92	10,472,773	4.99
100,001-10,499,983 (*)	90	8.45	75,965,250	36.18
10,499,984 and above (**)	3	0.28	121,337,834	57.78
<b>Total</b>	<b>1,065</b>	<b>100.00</b>	<b>209,999,685</b>	<b>100.00</b>

Remarks:

\* Less than 5% of issued shares

\*\* 5% and above of issued shares

### SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Dato' Foong Wei Kuong	104,965,522	49.98	-	-
2.	Datin Wang Mei Ling	22,425,645	10.68	-	-

### DIRECTORS' SHAREHOLDINGS

No.	Name	Direct	No. of Shares		Indirect	(% )
			(%)	(%)		
1.	Dato' Foong Wei Kuong	104,965,522	49.98	-	-	-
2.	Datin Wang Mei Ling	22,425,645	10.68	-	-	-
3.	Datuk Phang Ah Tong	76,666	0.04	-	-	-
4.	Goh Kok Sing	125,000	0.06	-	-	-
5.	Dato' Philip Chan Hon Keong	333,333	0.16	-	-	-
6.	Koay Kah Ee	500,000	0.24	-	-	-
7.	Lew Jin Aun	1,666,666	0.79	833,333*	-	0.40

Note:

\* Disclosure pursuant to Section 59 of the Companies Act 2016 in regards to his spouse's shareholdings in the Company.

## Analysis of Shareholdings

As at 5 September 2019

### TOP THIRTY SECURITIES ACCOUNT HOLDERS

No.	Name	Shareholdings	%
1.	Dato' Foong Wei Kuong	82,819,823	39.44
2.	Datin Wang Mei Ling	22,425,645	10.68
3.	AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account – Ambank (M) Berhad for Dato' Foong Wei Kuong (Smart)</i>	16,092,366	7.66
4.	Kok Kean Loon	7,547,766	3.59
5.	Sim Ah Yoong	6,463,333	3.08
6.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Dato' Foong Wei Kuong (Margin)</i>	6,053,333	2.88
7.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. <i>Exempt An for Phillip Capital Management Sdn. Bhd. (EPF)</i>	3,818,300	1.82
8.	Affin Hwang Nominees (Asing) Sdn. Bhd. <i>Exempt An for DBS Vickers Securities (Singapore) Pte Ltd (Clients)</i>	3,434,333	1.64
9.	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>Pembangunan Sumber Manusia Berhad</i>	2,950,000	1.40
10.	Low Wan Choon	2,294,433	1.09
11.	Chong Toh Wee	2,244,000	1.07
12.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Kok Kean Loon</i>	1,879,033	0.89
13.	Ong Kian Huat	1,712,166	0.82
14.	Lew Jin Aun	1,666,666	0.79
15.	Tam Juat Hong	1,610,000	0.77
16.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chew Chi Hong (8080970)</i>	1,500,000	0.71
17.	Universal Trustee (Malaysia) Berhad <i>- TA Islamic Fund</i>	1,398,533	0.67
18.	Zakaria Bin Arshad	1,300,000	0.62
19.	SRM Integration (Malaysia) Sdn. Bhd.	1,250,500	0.60
20.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. <i>Exempt An for Phillip Capital Management Sdn. Bhd.</i>	1,203,933	0.57
21.	TASEC Nominees (Tempatan) Sdn. Bhd. <i>Exempt An for TA Investment Management Berhad (Clients)</i>	1,044,567	0.50
22.	Oon Soon Keat	1,041,000	0.50
23.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chew Chi Hong (MY1765)</i>	1,000,000	0.48
24.	RHB Nominees (Asing) Sdn. Bhd. <i>Exempt An for RHB Securities Singapore Pte. Ltd (AC CLTS SK IS)</i>	1,000,000	0.48
25.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>- Lim Yoke Cho</i>	982,166	0.47
26.	Chow Hong Lit	969,300	0.46
27.	Global Asset Trustee (M) Berhad <i>- Ronfield Limited</i>	958,333	0.46
28.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>- Hiew Kem Chon (PCS)</i>	894,500	0.43
29.	Lee Eng Kiat	839,900	0.40
30.	Ng Chor Kuan	833,333	0.40



## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Thirteenth Annual General Meeting of the Company shall be held at Greens I, Golf Wing, Tropicana Golf & Country Resort Berhad, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 5 December 2019 at 9:00 a.m. for the following purposes:

### AGENDA

- |    |  |                              |
|----|--|------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and the Auditors thereon.                                 | <b>(Please refer Note 1)</b> |
| 2. | To declare a final single-tier dividend of 0.50 sen per ordinary share for the financial year ended 30 June 2019.  | <b>Resolution 1</b>          |
| 3. | To approve the payment of Directors' fees amounting to RM124,800.00 for the financial year ended 30 June 2019.   | <b>Resolution 2</b>          |
| 4. | To approve an amount of up to RM30,000.00 as benefits payable to the Non-Executive Directors from 6 December 2019 until the next Annual General Meeting of the Company to be held in 2020. | <b>Resolution 3</b>          |
| 5. | To re-elect the following Directors who shall retire pursuant to Article 129 of the Company's Articles of Association and being eligible, have offered themselves for re-election:         |                              |
|    | (a) Datin Wang Mei Ling  | <b>Resolution 4</b>          |
|    | (b) Mr. Goh Kok Sing   | <b>Resolution 5</b>          |
| 6. | To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.              | <b>Resolution 6</b>          |
| 7. | As Special Business:   |                              |

To consider and, if thought fit, with or without any modification, to pass the following resolutions as ordinary and special resolutions:

#### **(a) ORDINARY RESOLUTION NO. 1**

##### **- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016**

**Resolution 7**

**"THAT** subject always to the Companies Act 2016 (**"the Act"**), the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad (**"Bursa Securities"**) and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being; **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa 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."

## Notice of Annual General Meeting

**(b) ORDINARY RESOLUTION NO. 2**

**- RETENTION OF DATO' PHILIP CHAN HON KEONG AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Resolution 8**

"**THAT** approval be and is hereby given to retain Dato' Philip Chan Hon Keong as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting, who has served as an Independent Non-Executive Director of the Company for more than nine (9) years in accordance with the Malaysian Code on Corporate Governance."

**(c) ORDINARY RESOLUTION NO. 3**

**- RETENTION OF MR. KOAY KAH EE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Resolution 9**

"**THAT** approval be and is hereby given to retain Mr. Koay Kah Ee as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting, who has served as an Independent Non-Executive Director of the Company for more than nine (9) years in accordance with the Malaysian Code on Corporate Governance."

**(d) ORDINARY RESOLUTION NO. 4**

**- RETENTION OF MR. LEW JIN AUN AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Resolution 10**

"**THAT** approval be and is hereby given to retain Mr. Lew Jin Aun as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting, who has served as an Independent Non-Executive Director of the Company for more than nine (9) years in accordance with the Malaysian Code on Corporate Governance."

**(e) SPECIAL RESOLUTION**

**- PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY**

**Resolution 11**

"**THAT** approval be and is hereby given for the Company to adopt the new Constitution in the form and manner as set out in Appendix I of the Annual Report 2019, in place of the existing Memorandum and Articles of Association of the Company; **AND THAT** the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by any relevant authorities and to do all acts and take all such steps as may be considered necessary to give effect to the foregoing."

8. To transact any other ordinary business for which due notice has been given.

## Notice of Annual General Meeting

### NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the final single-tier dividend of 0.50 sen per ordinary share for the financial year ended 30 June 2019 will be payable on 26 December 2019 to depositors whose names appear in the Record of Depositors at the close of business on 10 December 2019 if approved by the members at the Thirteenth Annual General Meeting.

A Depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4:30 p.m. on 10 December 2019 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)  
CHIN MUN YEE (MAICSA 7019243)  
Company Secretaries

Kuala Lumpur  
14 October 2019

### Explanatory Notes:

#### 1) Approval for the payment of benefits payable to the Non-Executive Directors

The Directors' benefits comprise the meeting allowances payable to the Non-Executive Directors.

#### 2) Authority to Issue Shares pursuant to the Companies Act 2016 ("Act")

The proposed adoption of the Ordinary Resolution No. 1 is for the purpose of granting a renewed general mandate ("**General Mandate**") and empowering the Directors of the Company, pursuant to the Act, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The General Mandate will provide flexibility to the Company for allotment of shares for any possible fundraising activities for the purpose of funding future investment project(s), working capital and/or acquisition(s).

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Twelfth Annual General Meeting of the Company held on 6 December 2018 and which will lapse at the conclusion of the Thirteenth Annual General Meeting of the Company.

## Notice of Annual General Meeting

### 3) Retention as Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance (“MCCG”)

- a) The proposed adoption of the Ordinary Resolution No. 2 is to retain Dato’ Philip Chan Hon Keong (“**Dato’ Philip**”) as an Independent Non-Executive Director of the Company.

Dato’ Philip was appointed as an Independent Non-Executive Director of the Company on 18 January 2008, and has, therefore served as Independent Non-Executive Director for more than nine (9) years. As at the date of the Notice of the Annual General Meeting, he has served the Company for eleven (11) years and nine (9) months. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements. The Board therefore, considers him to be independent and believes that he should be retained as an Independent Non-Executive Director of the Company.

- b) The proposed adoption of the Ordinary Resolution No. 3 is to retain Mr. Koay Kah Ee (“**Mr. Koay**”) as an Independent Non-Executive Director of the Company.

Mr. Koay was appointed as an Independent Non-Executive Director of the Company on 18 January 2008, and has, therefore served as Independent Non-Executive Director for more than nine (9) years. As at the date of the Notice of the Annual General Meeting, he has served the Company for eleven (11) years and nine (9) months. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements. The Board therefore, considers him to be independent and believes that he should be retained as an Independent Non-Executive Director of the Company.

- c) The proposed adoption of the Ordinary Resolution No. 4 is to retain Mr. Lew Jin Aun (“**Mr. Lew**”) as an Independent Non-Executive Director of the Company.

Mr. Lew was appointed as an Independent Non-Executive Director of the Company on 2 January 2009, and has, therefore served as Independent Non-Executive Director for more than nine (9) years. As at the date of the Notice of the Annual General Meeting, he has served the Company for ten (10) years and nine (9) months. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements. The Board therefore, considers him to be independent and believes that he should be retained as an Independent Non-Executive Director of the Company.

### 4) Proposed Adoption of New Constitution of the Company

The proposed adoption of the Special Resolution is to bring the Company’s Memorandum and Articles of Association (“**M&A**”) in line with the amendments that arise from the Act, the revised Bursa Malaysia Securities Berhad Main Market Listing Requirements and MCCG as well as enhancing administrative efficiency. In view of the substantial amount of amendments to be made, the Board proposed that the existing M&A of the Company be abolished and be replaced in its entirety with a new Constitution which incorporated all the proposed amendments.

## Notice of Annual General Meeting

### Notes:

1. The Agenda item no. 1 is meant for discussion only. The provision of Section 340(1)(a) of the Act do not require a formal approval of the shareholders for the Audited Financial Statements for the financial year ended 30 June 2019. Hence, this Agenda item is not put forward for voting.
2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 28 November 2019 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
3. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy.
4. Where the member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
5. 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.
6. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or if the member is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy or the power of attorney under which it is executed or a certified copy thereof shall be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjourned Meeting.

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No. of shares held	CDS Account No.

\*I/We \_\_\_\_\_  
 (full name in block letters)

(NRIC/Passport No./Company No. \_\_\_\_\_) of \_\_\_\_\_

\_\_\_\_\_ (full address)

being a \*member/members of JF TECHNOLOGY BERHAD, hereby appoint \_\_\_\_\_

\_\_\_\_\_ (full name in block letters)

(NRIC/Passport No. \_\_\_\_\_) of \_\_\_\_\_

\_\_\_\_\_ (full address)

or failing \*him/her, \_\_\_\_\_

\_\_\_\_\_ (full name in block letters)

(NRIC/Passport No. \_\_\_\_\_) of \_\_\_\_\_

\_\_\_\_\_ (full address)

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 Thirteenth Annual General Meeting of the Company, to be held at Greens I, Golf Wing, Tropicana Golf & Country Resort Berhad, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 5 December 2019 at 9:00 a.m., or 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.

1.	To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and the Auditors thereon.		
<b>No.</b>	<b>Resolutions</b>	<b>For</b>	<b>Against</b>
2.	To declare a final single-tier dividend of 0.50 sen per ordinary share for the financial year ended 30 June 2019. <b>(Resolution 1)</b>		
3.	To approve the payment of Directors' fees amounting to RM124,800.00 for the financial year ended 30 June 2019. <b>(Resolution 2)</b>		
4.	To approve an amount of up to RM30,000.00 as benefits payable to the Non-Executive Directors from 6 December 2019 until the next Annual General Meeting of the Company to be held in 2020. <b>(Resolution 3)</b>		
5(a).	To re-elect Datin Wang Mei Ling, who shall retire pursuant to Article 129 of the Company's Articles of Association and being eligible, has offered herself for re-election. <b>(Resolution 4)</b>		
5(b).	To re-elect Mr. Goh Kok Sing, who shall retire pursuant to Article 129 of the Company's Articles of Association and being eligible, has offered himself for re-election. <b>(Resolution 5)</b>		
6.	To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. <b>(Resolution 6)</b>		
	<b>As Special Business:</b>		
7(a).	Authority to issue shares pursuant to the Companies Act 2016 <b>(Resolution 7)</b>		
7(b).	Retention of Dato' Philip Chan Hon Keong as an Independent Non-Executive Director <b>(Resolution 8)</b>		
7(c).	Retention of Mr. Koay Kah Ee as an Independent Non-Executive Director <b>(Resolution 9)</b>		
7(d).	Retention of Mr. Lew Jin Aun as an Independent Non-Executive Director <b>(Resolution 10)</b>		
7(e).	Proposed adoption of new Constitution of the Company <b>(Resolution 11)</b>		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

\_\_\_\_\_  
 Signature/Seal

\* Strike out whichever is not applicable

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

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**Notes:**

1. The Agenda item no. 1 is meant for discussion only. The provision of Section 340(1)(a) of the Companies Act 2016 do not require a formal approval of the shareholders for the Audited Financial Statements for the financial year ended 30 June 2019. Hence, this Agenda item is not put forward for voting.
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AFFIX  
STAMP

The Company Secretaries

**JF TECHNOLOGY BERHAD**

(747681-H)

Level 7, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan

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*We Bring Possibilities*

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47810 Petaling Jaya  
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