We Bring Possibilities

Annual Report 2020

www.jftech.com.my

JF TECHNOLOGY BERHAD

Registration No. 200601027925 (747681-H)

Contents

Corporate Information	01
Corporate Structure	02
Group Financial Highlights	03
Management Discussion and Analysis	04
Sustainability Statement	08
Board of Directors' Profile	20
Key Management Profile	23
Corporate Governance Overview Statement	25
Additional Compliance Information	38
Statement on Risk Management and Internal Control	40
Audit Committee Report	42
Statement of Directors' Responsibility	45
Financial Statements	46
List of Properties	122
Analysis of Shareholdings	123
Notice of Annual General Meeting	125
Form of Proxy	(Enc.)

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
Datuk Phang Ah Tong
(Chairman)

Dato' Philip Chan Hon Keong
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
(SSM PC No. 201908002648)
(MAICSA 0777689)

Chin Mun Yee
Chartered Secretary
(SSM PC No. 201908002785)
(MAICSA 7019243)

REGISTERED OFFICE
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Tel No.: 03-2084 9000
Fax 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
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Fax 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
Tel No.: 03-2084 9000
Fax 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
Tel No.: 03-2788 9999
Fax No.: 03-2788 9998
Website: www.crowe.com.my

PRINCIPAL BANKERS
Malayan Banking Berhad
AmBank (M) Berhad
Public Bank Berhad

SOLICITORS
Wong, Beh & Toh

LISTING
ACE Market of Bursa Malaysia
Securities Berhad

STOCK NAME
JFTECH

STOCK CODE
0146

Corporate Structure

We Bring Possibilities

JF TECHNOLOGY BERHAD
Registration No. 200601027925 (747681-H)

100%
JF Microtechnology Sdn. Bhd.
Registration No. 200501036039 (718186-U)

100%
J Foong Technologies Sdn. Bhd.
Registration No. 199901007299 (482199-U)

100%
JF International Sdn. Bhd.
Registration No. 202001009861 (1366181-H)

100%
JFH Technologies (Kunshan) Co., Ltd

100%
JF Testsense Sdn. Bhd.
Registration No. 202001019858 (1376178-W)

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

JF Tech is principally an investment holding company with four (4) wholly-owned subsidiaries namely, JF Microtechnology Sdn. Bhd., J Foong Technologies Sdn. Bhd., JF International Sdn. Bhd. and JF Testsense Sdn. Bhd.. JF International Sdn. Bhd. is principally an investment holding company with one (1) wholly-owned subsidiary, namely JFH Technologies (Kunshan) Co., Ltd which was incorporated in China on 11 August 2020.

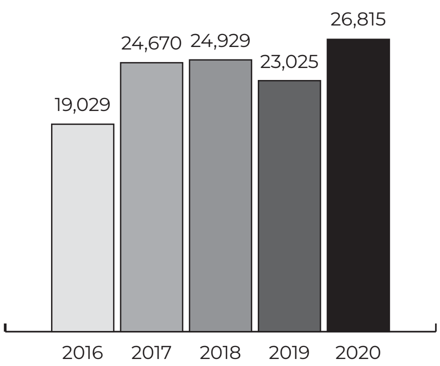
The details of the subsidiaries of JF Tech as at the date of this Annual Report are summarised below:

Companies	Date/Place of Incorporation	Issued and Paid-up Share Capital RM	Effective Equity Interest %	Principle Activities
JF Microtechnology Sdn. Bhd. Registration No. 200501036039 (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 semi-conductor and electronic assembly markets.
J Foong Technologies Sdn. Bhd. Registration No. 199901007299 (482199-U)	29-04-1999/ Malaysia	500,000	100	Manufacturing and trading of electronic products and components.
JF International Sdn. Bhd. Registration No. 202001009861 (1366181-H)	03-04-2020/ Malaysia	2	100	Investment holding.
JF Testsense Sdn. Bhd. Registration No. 202001019858 (1376178-W)	22-07-2020/ Malaysia	6,000,000	100	Test development engineering services, talent development and sales of test interface solutions.
JFH Technologies (Kunshan) Co., Ltd	11-08-2020/ China	Registered Capital USD500,000	100	Design, manufacture, sale and provision of technical support for integrated circuits test contacting solution.

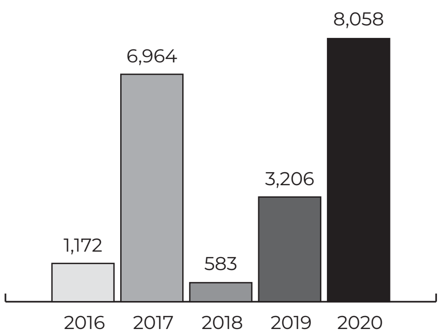
Group Financial Highlights

	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
Statements of Profit or Loss and Other Comprehensive Income					
Revenue	**26,815**	23,025	24,929	24,670	19,029
Profit before taxation ("PBT")	**8,058**	3,206	583	6,964	1,172
Profit after taxation ("PAT")	**8,018**	3,016	328	6,379	1,042
Statements of Financial Position					
Share capital	**21,253**	21,253	21,000	12,600	12,600
Total assets	**45,104**	44,718	41,083	38,543	33,048
Total liabilities	**6,837**	13,419	12,800	7,978	8,862
Others					
Earnings per share (sen)	**3.82**	1.44	0.16	3.04	0.50
Net assets per share (sen)	**18.22**	14.90	13.47	14.55	11.52

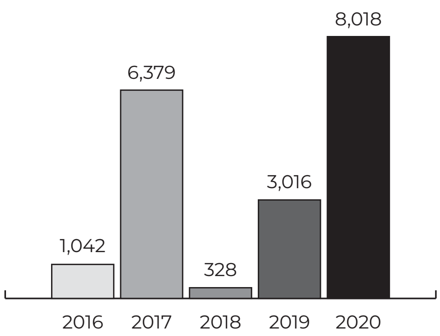
REVENUE (RM'000)



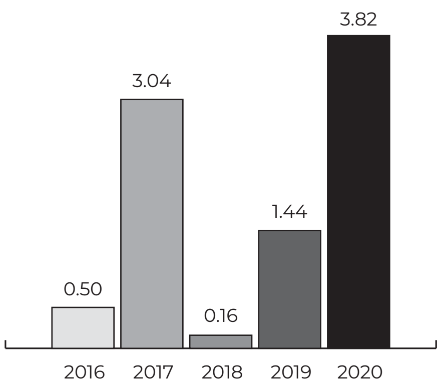
PBT (RM'000)



PAT (RM'000)



EARNINGS PER SHARE (SEN)



Management Discussion and Analysis

OPERATIONAL & FINANCIAL REVIEW

JF Technology Berhad ("JF Tech", "the Group" or "the Company") is a leading innovator and manufacturer of high performance test contacting solutions for global integrated circuit makers. For financial year ("FYE") 2020, JF Tech posted its best annual revenue and net profit performance in the Group's history despite the Covid-19 pandemic and the resultant Movement Control Order ("MCO").

Operationally, the disruptions as a result of the MCO were minimal to JF Tech as we only halted our operations briefly in adherence to the MCO. The Group swiftly resumed our production upon obtaining approvals from the authorities given our role as an important link in the global semi-conductor supply chain, supporting both our local and overseas customers. JF Tech made adjustments to the production schedule and operations to ensure in strict compliance with the standard operating procedures outlined by the authorities.

We delivered a remarkable set of results for FYE2020. The Group achieved a record turnover of RM26.82 million for the financial year under review as compared to RM23.03 million in FYE2019. This represented an increase of 16% year-on-year ("YoY"). The double-digit improvement was mainly driven by the robust demand from our customers. In terms of revenue breakdown by segments, our test contacting solutions for automotive application and radio frequency ("RF") application each contributed 37% or RM9.92 million to total turnover while original equipment manufacturing ("OEM") and others division accounted for the remaining 26% or RM7.05 million in FYE2020.

Demand from the mobile devices and internet of things ("IoT") under the RF segment, grew by a significant 98% YoY. This proves that JF Tech is moving in the right direction as we are strategically positioned to benefit from the upcoming adoption of 5G network devices.

For new projects in the financial year under review, the RF segment contributed the bulk of it at 48%, automotive test socket solution contributed approximately 16% and the remaining 36% came from OEM and others.

Our efforts to diversify and expand our global presence continued to bear fruit. The Group's export sales grew 24% YoY to RM20.22 million in FYE2020 from RM16.30 million in FYE2019. In particular, export sales to China experienced robust growth of 47% YoY and contributed RM9.21 million or 34% to total revenue in the financial year under review as compared to RM6.25 million or 27% to turnover in FYE2019. This is the first time revenue from China overtook contribution from Malaysia. The solid growth is also a testament to JF Tech's capabilities, technical expertise as well as quality products and services.

Sales of OEM products mainly to domestic customers, including leading test handler manufacturers, outsourced semi-conductor assembly and test providers and major multinational semi-conductor manufacturer companies in Malaysia were lower on a YoY basis.

Meanwhile, the top-line improvement was amplified in our earnings before interest, tax, depreciation and amortisation ("EBITDA"), which soared 106% YoY to RM9.56 million in FYE2020 from RM4.64 million in FYE2019. This translated into an EBITDA margin of 36% for the financial year under review versus 20% in the preceding year. This was largely attributed to lower operating expenses incurred despite the increase in turnover.

More remarkably, the multiplier effect from the overall enhancement in performance continued to flow through with profit before taxation ("PBT") surging 151% YoY to RM8.06 million in FYE2020 versus RM3.21 million registered a year ago. The larger-than-proportionate growth stemmed from gain in foreign exchange due to strengthening of United States Dollar (USD) against Ringgit Malaysia (RM), compounded by lower legal fees incurred. Consequently, PBT margin improved significantly to 30.1% in FYE2020 from 13.9% in FYE2019.

Profit after taxation ("PAT") rose 166% YoY to RM8.02 million in FYE2020 from RM3.02 million a year ago as a result of the factors mentioned above. The Group's basic earnings per share ("EPS") increased by similar quantum to 3.82 sen per share in the financial year under review from 1.44 sen in FYE2019.

Management Discussion and Analysis

OPERATIONAL & FINANCIAL REVIEW (CONT'D)

	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	YoY change %
Revenue	19,029	24,670	24,929	23,025	26,815	16%
PBT	1,172	6,964	583	3,206	8,058	151%
PAT	1,042	6,379	328	3,016	8,018	166%
EPS (sen)	0.50	3.04	0.16	1.44	3.82	165%

	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	YoY change +/(-)
Total assets	33,048	38,543	41,083	44,718	45,104	+1%
Total liabilities	8,862	7,978	12,800	13,419	6,837	-49%
Retained earnings	2,843	9,222	7,030	10,046	17,014	+69%
Shareholders' equity	24,186	30,565	28,283	31,299	38,267	+22%

On balance sheet strength, the Group remained in a solid and healthy financial position. JF Tech continued to be in a net cash position with net cash per share of RM5.74 as at end-June 2020, backed by net assets per share of 18.22 sen. The lean balance sheet yields great flexibility to the Group in terms of financing options to fund future business growth and/or investments should any opportunities arise.

OPERATIONAL AND FINANCIAL RISKS

Operational Risks

(a) Competition Risk

The semi-conductor industry is highly competitive and subject to rapid technological changes and new product developments. In order to maintain our strategic position within the industry, the Group continuously uphold stringent criteria throughout our manufacturing processes and after sales service support. We ensure that the test contacting solutions we provide are of the highest degree and subject to critical control measures, ensuring a satisfied global customer base.

Our strong emphasis on rigorous quality control is to ensure that our products meet the customers' requirements. Our quality assurance department provides continuous feedback to the assembly and manufacturing process to improve our operations and provide customers with the best quality and reliable products. The Group's after sales service is critical to ensure our customers have a seamless experience due to the highly customised nature of our products. Both subsidiaries of the Company, J Foong Technologies Sdn. Bhd. and JF Microtechnology Sdn. Bhd. are certified with the latest ISO Quality System ISO9001:2015 which includes risk managements in the Quality Management System.

The Group is actively pursuing new products and technological innovations to address the increasingly sophisticated and ever-changing needs of our customers. We maintain our competitive edges within the industry by leading in the field of innovation and development of state-of-the-art test contacting solutions. The Group's regular participations in overseas exhibitions provide us with an opportunity to understand the latest market requirements and place the Company in the forefront of constant technological change.

The Group will continue to strengthen its market position and expand the customer base as we move up the value chain within the industry.

Management Discussion and Analysis

OPERATIONAL AND FINANCIAL RISKS (CONT'D)

Operational Risks (cont'd)

(b) Intellectual Property Risk

Due to the nature of our core business, extensive measures must be taken to minimise our exposure to intellectual property risk. The Group places strong emphasis and allocate a large amount of resources toward research and development of new products and enhancement of existing product range. As a result, the Group leverages on our intellectual property and technological know-how to differentiate JF Tech from competitors within the industry.

In order to mitigate intellectual property risk, the Group continues to submit applications for patents of new product developments. In FYE2020, JF Tech has filed for ten (10) patents and was granted eleven (11) patents in total. To-date, the Group is a proud owner of twenty-seven (27) patents while thirty-five (35) patents are pending approval, which make us one of the most aggressive intellectual property owners in the region for the semi-conductor test socket industry.

Moreover, all employees are required to sign a non-disclosure agreement to protect the Group's interest.

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

JF Tech's continued success is heavily dependent on the abilities and effort of its existing Directors, key management and technical personnel.

The Group has participated in various career fairs organised by leading local universities to expand our employee skillset. The Group has also established skill matrixes for training and development of our existing workforce to prepare them for the future. Furthermore, the Group provides industrial trainings to students from technical fields with the goal of identifying potential and developing their technical proficiency prior to recruitment. In FYE2020, the Group recruited four (4) new skilled machinists and four (4) engineers to the team.

(d) Financial Risk

The Group's financial risk is set out under Note 34 to the Financial Statements in this Annual Report.

OUTLOOK GOING FORWARD

JF Tech is actively seeking opportunities to expand our presence within the semi-conductor industry and aims to move up the global value chain in the near term. We are confident that we can leverage our expertise in the field to complete the semi-conductor ecosystem in Malaysia with the introduction of our new subsidiaries.

We believe that providing a 'one stop shop' for test interface products and engineering services will not only enable us to capture a new market segment but provide customers with an enhanced overall experience by eliminating the need to engage with different suppliers. Providing additional product offerings will generate new revenue streams for the Group while ensuring a more efficient release of test solutions to manufacturing, thereby increasing efficiency and accountability. We are confident that this expansion will reignite the competitiveness of the semi-conductor industry in Malaysia through our test engineering talent development resulting in the creation of high value engineering roles.

We expect our new facility to be operational within the FYE2021 and will strategically increase our capability and capacity of our production.

The Group continues to place utmost emphasis and commitment to expand our product line and capitalise on existing trends in 5G network as well as opportunities in overseas markets. To-date, the Group owns twenty-seven (27) patents in various countries such as the United States, Taiwan and Philippines with another thirty-five (35) patents pending for approval.

Management Discussion and Analysis

OUTLOOK GOING FORWARD (CONT'D)

Looking ahead, we are positive on our outlook. We believe we are in the right industry with the right skills. We expect the demand for our high-performance test contacting solutions will continue to be on the rise along with the increasing use of chips in various industries such as automotive, telecommunication or IoT including smart appliances. This is evident by the strong demand for our products with higher RF testing capabilities during the financial year under review. The trend will be even more robust with advent of 5G network. To prepare for the future, we are reinventing ourselves at JF Tech to move up the semi-conductor value chain.

On balance, the Board of Directors ("Board") is cautiously optimistic on the business prospects and expect FYE2021 to be a challenging year due to the outbreak of the Covid-19 pandemic. Nevertheless, we do see various pockets of opportunities that JF Tech can capitalise on. We have been planting seeds of growth over the past few years to build a solid foundation for our future. We are now ready to embark on our next phase of growth, which is the reinvention of the Group. Barring any unforeseen circumstances, the Board anticipates the Group will achieve a satisfactory performance for FYE2021.

DIVIDEND

In view of the Group's financial performance and closure of the lawsuit, the Board has declared a final dividend of 1.5 sen per ordinary share for the FYE2020 as follows:

Final dividend for financial year ended 30 June 2020

Amount per share	:	1.5 sen
Total dividend payable	:	RM3,386,243.78
Entitlement to dividend based on Record of Depositors as at	:	11 September 2020
Payment date	:	25 September 2020

The financial statements for the current financial period do not reflect this final dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in next financial year ending 30 June 2021.

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

On behalf of the Board, we would like to express our sincere gratitude to our Management and staff at JF Tech for their continuous commitment, hard work and contribution to the Group.

We would also like to thank all our other stakeholders including our valued customers, suppliers, business associates, bankers, authorities and most importantly our esteemed shareholders for their unwavering support and confidence to the Group.

Additionally, we are pleased to welcome Mr. Dillon Atma Singh, who joined JF Tech on 15 May 2020 as our Chief Executive Officer. He brings with him a wealth of industry experience and we are confident that he will contribute positively to the Group and lead JF Tech towards greater heights.

Last but not least, I wish to extend my heartfelt appreciation to the Board of JF Tech for your dedication, valuable advice and service to the Board.

Thank you.

Dato' Foong Wei Kuong
Managing Director

Sustainability Statement

SUSTAINABILITY AND OUR BUSINESS

JF Technology Berhad ("JF Tech", or the "Group") recognises that sustainability is at the core of the Group's practices as we pursue long-term value creation for our stakeholders. We continuously integrate sustainability practices into our Group strategies and operations. All departments within the organisation collaborate and strive towards a common goal of leveraging sustainability and integrate Economic, Environmental and Social ("EES") considerations into the Group operations.

The Group provides high performance test contacting solutions to validate integrated circuits ("IC") that are produced in billions utilised in smartphones, consumer wearable electronics, medical appliances, automotive solid-state storage, military and the internet of things. Our strategic position as an international test contacting solution provider and a public listed entity propels us to leverage our approach towards material sustainability matters. We believe that strong corporate governance structure is crucial towards effective sustainability management and our Board of Directors ("Board")-level commitment towards this agenda fosters a culture of corporate social responsibility.

Reporting Period

This sustainability statement outlines the Group's approach towards achieving the stated EES goals and management of sustainability matters for the period from 1 July 2019 to 30 June 2020 ("FYE 2020").

Reporting Scope

The following shows the reporting scope of the annual report including JF Tech and its active subsidiaries which are located in Malaysia:

JF TECHNOLOGY BERHAD

- **JF MICROTECHNOLOGY SDN. BHD.**
- **J FOONG TECHNOLOGIES SDN. BHD.**
- **JF INTERNATIONAL SDN. BHD.**

Sustainability Statement

SUSTAINABILITY AND OUR BUSINESS (CONT'D)

Core Values

JF Tech's core values represent the fundamental principles that we abide in the pursuit of individual and Group greatness. These guiding principles dictate the Group attitude towards our daily operations and creates an unwavering guide for our employees to consistently uphold.

"**JF TECH**" is acronym for:

J is Just be fair
F is Fiscal responsibility
T is Treat each other with respect
E is Energising innovation
C is Committed to a sense of ownership
H is Honest hard work

Mission

Anticipating customer's satisfaction and delivering superior products profitably and professionally by continous improvement to our human resources productivity.

- Employees
- Fiscal Responsibility
- Innovation
- Quality Excellence
- Customer Experience

Vision

To be the World No.1 provider of high performance test interface solutions by maximising values for employees, customers and stakeholders.

Sustainability Governance

Successful integration and effective management of sustainability within the Group requires having committed leadership, clear direction, and strategic influence, all of which is achieved through a robust governance structure. A strong governance structure helps the Group implement sustainability strategy across the business, ensure accountability, oversight and review in the identification and management of sustainability matters.

The importance of governance sustainability in achieving our initiatives is well recognised by employees in the Group. As such, the Group incorporates proper controls and approvals, reserved matters, accountability and long-term objectives such as:

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

SUSTAINABILITY AND OUR BUSINESS (CONT'D)

Sustainability Governance (cont'd)

The roles of each division within the governance structure are as follows:

Board:
The Board oversees the formation and implementation of the strategies.

Management Committee:
The management committee determines the strategies and action plans relating to sustainability matters that are presented to the Board for approval.

Stakeholder Engagement

The Group believes that maintaining a good degree of communication with internal and external stakeholders is essential to establish strong corporate governance. We actively engage with our stakeholders through multiple channels of communication, enabling us to understand their expectations and obtain meaningful feedbacks on their interests and needs. This helps us to identify and emphasise key sustainability matters in a timely manner. A summary of the stakeholder groups, areas of interest, type of engagement, frequency and outcomes are listed below: -

Stakeholder Groups	Areas of Interest	Type of Engagement	Frequency	Outcomes
Investors/ Shareholders	- Business performance review - Operation in compliance with applicable laws and regulations - Strategic plans - Investor engagement - Corporate announcement - Information and communication	- Quarterly financial reports - Annual report - Corporate website - Investor relationship channel - Regular meeting and correspondence - Feedback to media enquiries	- Quarterly - Annually - On-going - As required - As required - As required	Provides constructive feedback, improve relationship with shareholders and positive reputation amongst investors
Customers	- Product quality and performance - Sustaining long-term relationship - Operation in compliance with applicable laws and standards	- Customer feedback - On-site visits - Customer audit	- On-going - As required - On-going	Better awareness of the Group's commitment to sustainability and an improved understanding of our policies, culture and values
Employees	- Health and safety protocols - Coronavirus ("Covid-19") standard operating procedures ("SOPs") compliance - Communication and engagement - Working environment - Career development and training	- Training and development - Restraining and provision of personal protective equipment ("PPE) - Formal meeting and discussion - Employee feedback and briefing - Appraisal and performance review	- On-going - On-going - On-going - Annually - On-going	Inclusiveness in management decision making to foster a safer and more harmonious work environment

Sustainability Statement

SUSTAINABILITY AND OUR BUSINESS (CONT'D)

Stakeholder Engagement (cont'd)

Stakeholder Groups	Areas of Interest	Type of Engagement	Frequency	Outcomes
Suppliers	- Strategic partnership - Supplier performance review - Product and service quality	- Supplier evaluation - Regular meeting and correspondence - Site visit to suppliers' premises	- On-going - On-going - On-going	Establish good long-term relationship with suppliers and maintain reliability throughout the value chain
Government and Regulators	- Regulatory compliance - Supporting country's economy growth	- Site visit and meeting - Participation in programmes organised by Government bodies	- As required - As required	Compliance with regulations and ensure regular operations permits
Community	- Environment protection - Local community activities involvement	- Participation in local community activities - Sponsorship and donations	- On-going - On-going	Maintain our promise towards corporate social responsibility and improve wellbeing of individuals from the charitable organisation

Materiality Assessment

The materiality matrix is used to identify the Group's important sustainability matters during the assessment. Applying materiality helps the Group identify what topics are most important to act on and report to stakeholders. In this respect, the materiality assessment provides valuable information that may positively or negatively influence the Group's ability to deliver our vision and strategy. Most importantly, it reflects our impact on the EES dimensions.

During FYE2020, the materiality matrix is included to illustrate the relative importance of sustainability matters to internal and external stakeholders. They are chosen and reviewed by the relevant divisional management based on the on risks and opportunities arising from the EES impacts of the organisation's operations and activities.

These seventeen (17) material sustainability matters are ranked highest in terms of their significance to the Group and we have decided to place greater emphasis on these matters in the Sustainability Statement. JF Tech will continue to review the highlighted matters and expand the depth and scope of our current reporting as we move forward.

Materiality Matrix

Importance to External Stakeholders \ Importance to Internal Stakeholders	Low	Medium	High
High		- Local Supply Chain - Whistle Blowing Policy - Anti-Bribery and Corruption Policy - Pollution Control	- Employee Development and Talent Management - COVID-19 Health and Safety Measures - Innovation, Automation and Intellectual Property
Medium		- Diversified Customer Base - Contribution to Community - Healthy Work-Life Practices - Energy Usage - Waste Management	- Occupational Safety and Health - Commitment to quality - Code of Conduct and Ethics
Low		- Workforce Diversity	- Emergency Response Team

Sustainability Statement

ECONOMIC THRUST

1. Profitability

JF Tech aspires to combine strong and sustainable growth with good high profit margin to generate extended value for our shareholders and continued positive long-term development. We believe that a sustainable business performance enables us to create values to our stakeholders and enhance values to our stakeholders, create opportunities for employee and contribute to the communities.

Our products are highly customised to the exact needs of our customers, adhering to electrical, mechanical and dimensional precision. Our design know-how, technology and automation put us in the forefront of the industry and are key comparative advantages to the Group's success. The Group evaluates its impact on economics condition of its stakeholders and on economic systems at local, national and global levels.

For details of our financial results, please refer to the Management Discussion and Analysis and the Audited Financial Statements in this Annual Report.

2. Innovation, Automation and Intellectual Property

JF Tech is principally involved in the design, development, manufacture, marketing and sales of test contacting solutions, which are highly customised to its customers' needs and are patent-protected. The Group envisions a sustainable future and fulfills it by continuously innovating, designing, manufacturing and marketing a portfolio of test contacting solutions.

In FYE2020, we have filed for ten (10) patents and have been granted eleven (11) patents in total. The patents granted were related to the invention of high frequency IC test contacting solutions used mainly for 5G/RF/mmWave applications and also the invention of IC test contacting solutions for automotive/high power applications. The Group's wholly-owned subsidiary, JF Microtechnology Sdn. Bhd., has also received a certificate of grant of a patent, titled "Kelvin Contact Assembly and Method of Installation Thereof", from the China National Intellectual Property Administration. The date of Grant and Publication of the Patent was made on 30 June 2020 (filed on 21 February 2017) for a duration of twenty (20) years from the filing date of the application.

To-date, the Group is a proud owner of twenty-seven (27) patents with another thirty-five (35) patents pending approval. This makes us one of the most aggressive intellectual property owners in the region for the semi-conductor test socket industry. The patents owned by the Group is essential to protect our intellectual property rights that we have heavily invested towards and is the outcome of ongoing research and development efforts by our in-house Design and Development team. This gives us an edge within the industry, and we intend to maintain this advantage for the foreseeable future. The Group will continue to innovate and invest to lead in the creation of intellectual properties for the growth of the industry and sustain a strong economic performance in the long-term.

3. Code of Ethics and Conduct

Ethics, integrity, accountability, transparency and professionalism are rising to the forefront as mainstream touchstones in the business environment. In keeping with the Group's Code of Ethics and Conduct 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 our continued efforts to create awareness, talks and trainings are organised on a regular basis for all levels of employees across departments.

The Code of Ethics and Conduct comprises the following main principles:

- to avoid conflict of interest;
- to avoid misuse and/or abuse of position;
- to ensure protection of assets and interests, confidentiality of information and to prevent misuse of information gained through the Group's operations, either for personal gain or for any purpose other than that intended by the Group;
- to encourage reporting of unlawful or unethical behaviour; and
- to ensure compliance with policies, laws, rules and regulations.

JF Tech's Code of Ethics and Conduct is available on our corporate website at www.jftech.com.my.

ECONOMIC THRUST (CONT'D)

4. Whistle Blowing Policy

At JF Tech, we expect our employees to convey high standards of professionalism and ethics in the conduct of our operations across all divisions. As a measure of good corporate governance, we have established the relevant policies that encourages legitimate concerns to be thoroughly investigated and addressed. Employees will be able to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.

The following actions are generally accepted as improper and reportable conduct of whistle blowing, including but not limited to:

- any unlawful or illegal activities, whether criminal or breach in civil law;
- fraud, theft, embezzlement or dishonesty;
- corruption/bribery;
- bullying and harassment;
- breach of policies and/or procedures; and
- poor or unethical sales practices, including mis-selling

JF Tech's Whistle Blowing Policy is available on our corporate website at www.jftech.com.my.

5. Anti-Bribery and Anti-Corruption Policy

Our Anti-Bribery and Anti-Corruption Policy provides a clear statement of the conduct that is expected of the Group's personnel. The Group has a zero-tolerance approach to all forms of bribery and corruption and shall continuously conduct its business activities ethically, honestly and with high standards of integrity. Bribery and corruption compromise business ethics and damage an organisation's reputation. As such, the Group strongly opposes any practice that improperly or illegally disrupts proper business conduct.

We have implemented procedures to promote awareness on the Code of Ethics and Conduct, Anti-Bribery and Anti-Corruption Policy and Whistle Blowing Policy through formal briefings across all departments to maintain fair dealing, integrity and honesty in the way we conduct our business. By doing so, we hope to achieve transparency in our business practices and raise the standards where ethical conduct is concerned. This awareness briefing and policies will be shared throughout the year

JF Tech's Anti-Bribery and Anti-Corruption Policy is available on our corporate website at www.jftech.com.my.

6. Compliance with environmental laws and regulations

JF Tech is committed to the prevention of pollution and continuous improvement of overall environmental performance. Our operations are in compliance with the environmental laws and regulations that are governed and subject to heavy scrutiny. 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 as follows:

- to comply with applicable environmental legislation, regulations and other requirements;
- to foster employees' and contractors' awareness of environmental issues through training and active information dissemination;
- to create an awareness of the Group Environment Policy within the Group and our stakeholders;
- to reduce consumption of non-renewable and non-recycled materials; and
- to provide safe and hygienic workplace and ensure all personnel are properly trained with the appropriate safety procedures and control actions.

We are pleased to highlight that we have not been penalised for any environmental issues by any regulatory authorities during FYE2020 (financial year ended 30 June 2019 ("FYE2019"):NIL). We have continuously and regularly engage with Department of Environment ("DoE") in ensuring that any issues raised by DoE are addressed and steps are taken to ensure that the environmental issues are mitigated to an acceptable level.

Sustainability Statement

ENVIRONMENTAL THRUST (CONT'D)

7. Pollution Control

We have a holistic approach towards incorporating sustainability practices into our daily activities. Metal scraps generated from the production of test socket pins 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 that go to the landfill. We aim to operate sustainably by minimising waste and utilise resources efficiently throughout our production process.

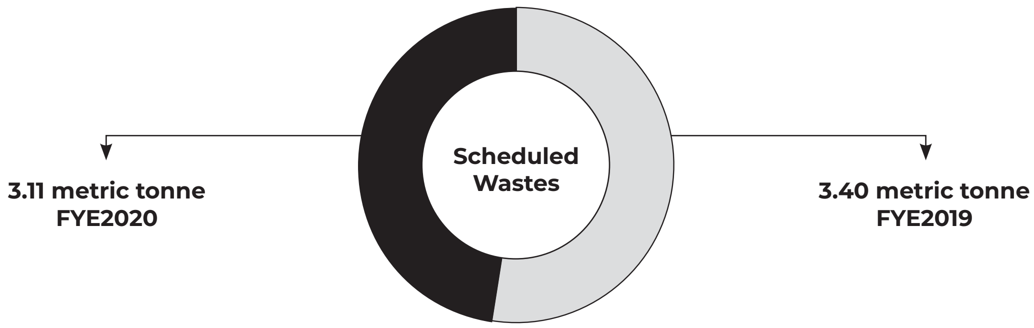
8. Energy Usage

During FYE2020, our electricity consumption has increased marginally from approximately 0.981 million kWh in FYE2019 to 0.986 million kWh. Our expenditure on energy consumption subsequently increased by 1% from RM427,900 in FYE2019 to RM432,300 in FYE2020. The increase was mainly due to growth in production output during FYE2020. Despite the slight increase in energy emission, we are convinced that our production processes are increasingly more efficient and consumes less energy. By replacing some older machineries with newer and more efficient machines into our production line, we aim to reduce our carbon footprint and to be more environmentally friendly in our operations.

9. Waste Management

JF Tech is constantly finding ways to sustainably manage waste from production and this includes supporting the prevention of waste generation and facilitating the reuse and safe recycling of waste materials. We are committed to ensuring that waste is managed in an environmentally sound management system. Reducing production wastage can reduce both the cost of raw materials and the cost of disposing waste created on site. Disposal creates additional unwanted steps and creates inefficiency including source separation. Under scheduled waste management, waste recovery for reuse and recycling can tremendously reduce the amount of waste that is destined for disposal by landfills.

Our operations are in compliance with the Environmental Quality Act 1974 under the Environmental Quality (Scheduled Waste) Regulations 2005.



Scheduled Wastes:
In FYE2020, we generated 3.11 metric tonne of scheduled waste, which was lower than the scheduled wastes produced in FYE2019 of 3.40 metric tonne. We are proud of our efforts in reducing scheduled wastes by improving our efficiency throughout our production process. This is a testament of our efforts in controlling scheduled waste production by taking additional steps to reduce production faults and increase productivity. Wastes produced from our production lines, such as Computer Numerically Controlled milling, wire cut and laser cut machines, have been reduced during the year and we aim to maintain this trend in the years to come.

Unscheduled Wastes:
We are continuously working towards a sustainable future by reducing our carbon footprint wherever possible. This includes efforts to reduce, reuse and recycle material to limit wastes going into landfills. Our employees are well aware of our initiative and have collectively helped to achieve our goal. Nonetheless, the health and safety of our employees is our utmost priority especially during the Covid-19 pandemic. As a result, we encourage the use of PPE throughout the workplace and no shortcuts are taken to reduce the usage of PPE where necessary. While this increases disposable wastes volume, we are certain that the extensive measures taken are necessary to maintain the wellbeing of our employees. Overall, we are still committed to maintaining environmentally friendly practices throughout the workplace.

Sustainability Statement

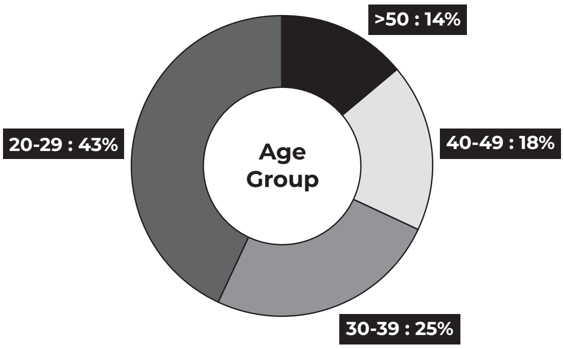
SOCIAL THRUST

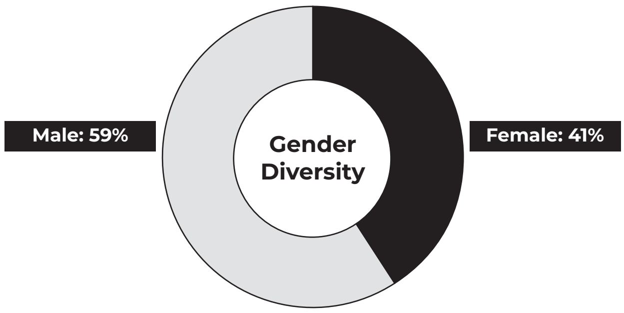
JF Tech aims to provide a supportive, pleasant and healthy workplace for our employees, and to foster a caring community within our working environment. We care for our employees and recognise that having good staff relationship and a motivated workforce are crucial to our success. They are our partners 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.

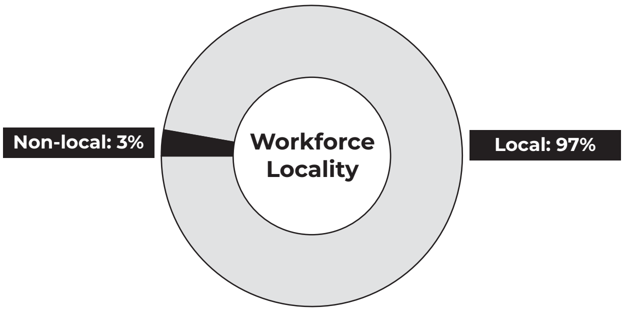
10. Workforce Diversity and equal opportunities

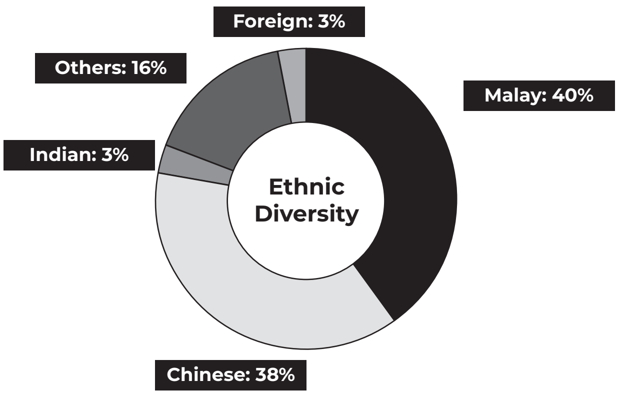
JF Tech recognises our employees as highly valued individuals and important contributors to the Group's sustainability efforts. We strive to create the best working environment to ensure their talents are exploited at their full potential which allows them to shine. We believe that we must take action to care for our employees and ensure that they have a sense of belonging.

As at 30 June 2020, the total number of employees of the Group is 111. Our emphasis has and will always be to hire local talent and support the local communities we operate in. We have young and performance driven workforce with over 40% of our employees below the age of 30. Our diversity in terms of age, ethnicity and locality shows that we aim to ensure that diversity and inclusion in the workplace is an essential part of our business practice. We encourage gender equality where both women and men are treated with respect and to have the same opportunities, rights and obligations. We endeavour to build a working environment that helps employees thrive. Employment opportunities in JF Tech are equal to all applicants with due regard to the diversity of skills, experience, age, ethnicity and gender in the workplace.









We consider talent retention to be vital in sustaining business growth and maintaining competitiveness in the marketplace. We strive to create job opportunities for local people. As at 30 June 2020, 97% of our employees are Malaysians.

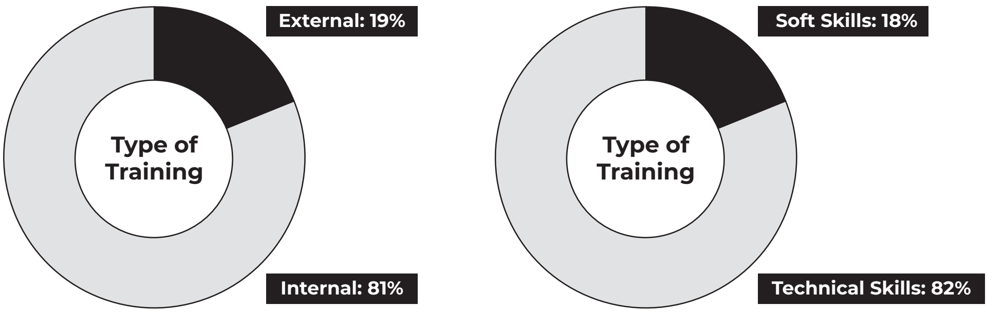
SOCIAL THRUST (CONT'D)

11. Employee Development and Talent Management

The Group's human capital is developed and strengthened through investment in our people. Continuous training and professional development programmes 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. JF Tech is firmly committed to developing staff to achieve their best and maximise their potential.

Newly recruited employees will undergo an orientation programme to help familiarise them with the culture and background of the organisation. New employees will also go through on-the-job structured training programme that is tailored to their respective roles. The Group carefully manages employees' potential and talent while recognising the importance in delivering value to our business operations through our Performance Management Review system. Employees are nominated by the individual department heads to attend internal and external training programmes. Each employee has an average of twelve (12) hours of training throughout the financial year. For FYE2020, the Group spent a total of one thousand three hundred and forty (1,340) hours of training for all employees comprising various programmes covering soft skills as well as functional or technical skills, among others.

Internal and External Training by Hour(s):



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 younger 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.

12. Occupational Safety and Health

The Group is committed to adopt the best industrial practices in providing a safe work environment meeting or exceeding applicable legal and other requirements. We are also committed to the continual improvement of Occupational Safety and Health performance. We adhere strongly to the following safety and health principles:

- all injuries and ill-health can be prevented;
- all hazards can be controlled;
- working safely is a condition of employment;
- everyone is responsible for safety; and
- everyone will be communicated and trained to work safely.

Our Occupational Safety and Health Management ("OSH") committee consist of key staff from various departments, all of which have the main goal 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.

SOCIAL THRUST (CONT'D)

12. Occupational Safety and Health (cont'd)

Our aim is to avoid all incidents that put our employees at risk and to achieve zero fatalities. We are proud to report that we have achieved this target during this financial year. Every incident, if any, is followed by a thorough review of the cause and swift actions would be taken to eliminate the factors involved. All reviews have been reinforced with continued efforts in the training and retraining on the use of appropriate protective equipment in order to minimise risks in the future.

We are proud of the collective efforts of our OSH committee to ensure that there were no major safety or health-related incidences at the workplace during the year.

13. COVID-19 Health and Safety Measures

The outbreak of the Covid-19 is a global pandemic that has hindered significant social and business activities affecting the global population. In response to the widespread of the global pandemic, the Government of Malaysia had announced on 16 March 2020, an imposition of the Movement Control Order ("MCO") effective from 18 March 2020 to 31 March 2020. However, this was further extended to 9 June 2020 following four (4) subsequent extensions. The MCO imposed, among others, a general prohibition of mass movement and gathering, travel restrictions and closure of all Government and private premises except those involved in essential services. On 1 May 2020, the Government announced a partial easing of the MCO to allow most economic sectors and businesses to reopen on 4 May 2020 subject to strict conditions and SOPs. Subsequently, the Recovery Movement Control Order is effective 10 June 2020 through 31 August 2020, before being extended further to 31 December 2020 recently.

In compliance with the Ministry of International Trade and Industry ("MITI") guidelines, the Group was given approval to resume operations to a maximum 50% of total capacity from 17 March 2020 provided that employees follow strict SOPs. On 29 April 2020, the Group resumed operations to levels before the MCO with full capacity as approved by MITI on 28 April 2020. Despite the ease in regulations, we continued to take extensive measures to ensure the health and safety of our personnel. Additionally, we were also able to meet backlogged orders and meet outstanding customer demands and orders as our operations returned to full capacity.

Operations at JF Tech have quickly adapted to health and safety procedures issued in light of the Covid-19 pandemic. We have taken numerous Covid-19 precautionary measures as per MITI's guidelines to prevent the spread of the contagious disease and to ensure the health and safety of our employees. Our Covid-19 committee consisting of six (6) employees was formed to address any issues and concerns regarding the virus and we have established an Emergency Response Protocol on Covid-19 management. We considered the wellbeing of our employees with the utmost priority and have taken extensive measures to ensure this.

Our Covid-19 precautionary measures include:

- face mask supply at the main entrance and respective departments;
- provision of hand sanitiser, rubber gloves, and disinfection solutions;
- health screening and temperature records before entering into premise;
- social distancing throughout the workplace;
- daily disinfection of workplace and company vehicles;
- disinfection checklist; and
- Covid-19 safety procedures and awareness briefing.

SOCIAL THRUST (CONT'D)

14. Emergency Response Team

The table below outlines the role of the Emergency Response Team ("ERT") in managing accidents or emergencies at the workplace with regards to the Malaysian Mechanism of Disaster Management and the Occupational Safety and Health Administration 1994.

Division	No. of staff
Emergency Response Team Leader	1
Advisor	1
First Aid Team	7
Fire Fighting Team	8

Our ERT is an in-house group consisting of seventeen (17) people instituted by the organisation to deal with emergency situation which may happen in our premise. Their primary roles are to respond to emergencies to ensure proper personnel evacuation and safety, shut down building services and utilities, work with responding civil authorities, protect and salvage property, and evaluate areas for safety prior to re-entry.

Emergency preparedness is crucial and will help to minimise human, property, and economic losses due to any hazardous events.

15. Local Supply Chain

The Group's business begins with developing and supplying high performance IC test contacting solution for customers in the IC design center and subsequently our products are used in high volume IC manufacturing testing. In order to support our long-term strategy of providing a wide range of high-performance test contacting solution globally, it is crucial for our Group to establish a sustainable supply chain within the country. This allows us to continuously maintain and monitor our production to the highest degree in a timely manner. Therefore, through our vendor development programme, we actively engage with our approved local vendors to ensure that they are developed to deliver our organisations the best quality and service over the years. We are confident that maintaining this relationship with our suppliers will position the Group better to move up the value chain in the near future.

As at 30 June 2020, the number of local vendors accounted for 83% of the total vendors of the Group.

16. Commitment to Quality

In fulfilling JF Tech's vision to be the world's No. 1 provider of high-performance test contacting solutions, we achieved the ISO 9001:2015 Quality Management System certification from SGS (Malaysia) Sdn. Bhd. for design, manufacturing and assembly of test contactors for semi-conductor applications. This is an international standard that specifies the requirements for a quality management system where the Group:

- demonstrates its ability to consistently provide products and services that meet customer's needs and applicable statutory and regulatory requirements; and
- aims to enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

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.

Sustainability Statement

SOCIAL THRUST (CONT'D)

16. Commitment to Quality (cont'd)

We have stringent quality controls throughout our operations. Our quality control practices involve various stages of processes across departments. All our products are subject to in-depth monitoring and quality control checks during different stages of production using sophisticated measurement methods and laboratory equipment. We inspect our finished goods to ensure the products meet customers' requirement specifications and are free from defects at the time of delivery. We also ensure that delivery of our products is consistently on-time. By adopting these stringent quality control practices, we are confident to sustain a long-term relationship with our customers and build a strong reputation within the industry.

The total number of hour(s) spent on ISO 9001:2015 introduction and awareness training increased from twelve (12) hours in FYE2019 to twenty-four (24) hours in FYE2020.

17. Healthy Work-life Practices

The Group encourages internal activities for employees to foster a pleasant work environment and maintain a driven workforce. Staff activities are organised throughout the year to facilitate bonding among the employees. These activities help improve the communication, productivity and morale at the work place.

We have organised a number of staff bonding activities including festive dinners and JF Tech's 20th Anniversary Celebration held at The Saujana Hotel.

18. Contribution to Community

JF Tech is committed to discharging its social responsibility through giving back to society and local communities. Our engagement with communities aims to be holistic, collaborative and sustainable, resulting ultimately in their empowerment.

During FYE2020, direct contributions to Semenanjung Orang Asli Educare Centre ("SEMOA"), a non-profit charitable and non-governmental organisation, were made through donation of various electrical appliances including refrigerators and washing machines to maintain and upkeep facilities at the SEMOA.

At the same time, the Group also provides numerous opportunities for students to undertake internship programmes with the aim of supporting students from local universities and colleges in gaining practical work experience. In FYE2020, the Group offered internships for students from universities, colleges and polytechnics from different states of Malaysia, which have benefitted a total of eight (8) students.

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 endeavour and we look forward to improving and share further on our sustainability efforts in years to come.

Board of Directors' Profile

Datuk Phang Ah Tong
Independent Non-Executive Chairman

Datuk Phang Ah Tong, male, aged 63, 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.

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

Datuk Phang is the Chairman of Novugen Pharma (Malaysia) and Oncogen Pharma (Malaysia) which are non-listed companies and also a Chairman of Malaysia Automotive Robotics and IOT Institute (MARii) which is an agency under Ministry of International Trade and Industry.

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

Dato' Foong Wei Kuong
Managing Director

Dato' Foong Wei Kuong, male, aged 60, 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.

Board of Directors' Profile

Datin Wang Mei Ling
Executive Director

Datin Wang Mei Ling, female, aged 63, 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 Pembenaan Raya Sdn. Bhd. as an Accounts Supervisor. She left Syarikat Pembenaan 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.

Goh Kok Sing
Executive Director

Mr. Goh Kok Sing, male, aged 56, 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 55, 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 is the Managing Director of Eksons Corporation Berhad (a company listed on the Main Market of Bursa Malaysia Securities) with effect from 1 October 2019.

Dato' Philip Chan is a member of the Nomination Committee, 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 61, 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 (MBA) 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 Practicing Accountants (CPA Australia), Chartered Accountant (CA) of the Malaysia Institute of Accountants (MIA), Chartered Global Management Accountants (CGMA), member of the SOCSO Appellate Board (JRKS) of Ministry of Human Resources Malaysia and a CIMA Global Membership Assessor. 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 Malaysia Securities) as an Independent Non-Executive Director, Tashin Holdings Berhad (a company listed on the ACE Market of Bursa Malaysia Securities) as a Non-Independent Non-Executive Director and Eksons Corporation Berhad (a company listed on the Main Market of Bursa Malaysia 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 68, 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.

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

Dillon A/L Atma Singh
Chief Executive Officer

Mr. Dillon A/L Atma Singh, male, aged 50, a Malaysian, joined JF Tech as Chief Executive Officer in 15 May 2020. He is an industry veteran in the semi-conductor manufacturing industry in Malaysia with over 28 years of experience.

Mr. Dillon has held senior leadership positions as Senior Director in Renesas, a leading Japanese semi-conductor company and prior to that Intersil (through its acquisition of Elantec Semiconductor), a leading American Power Management semi-conductor company, managing its entire Asia Operations.

Mr. Dillon brings to JF Tech his wealth of semi-conductor Industry experience in Test Engineering, Test Interfacing Technology, Operations and Strategic Management.

Mr. Dillon has a Bachelors Degree of Electrical Engineering Majoring in Communications from University Technology Malaysia and a Masters of Business Administration from Maastricht School of Management (Netherlands).

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

Mr. Dillon 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.

Goh Joo Hwa
Vice President, Global Sales & Marketing

Mr. Goh Joo Hwa, male, aged 49, 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 graduated with a Master in Business Administration major in International Marketing from University of Sunderland, United Kingdom ("UK"). He obtained his Bachelor of Engineering (Hons.) Electrical and Electronic Engineering from the same university in 1995.

Mr. Goh 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 semi-conductor 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 does not hold any directorship in public companies and listed companies.

Mr. Goh 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

Shamal Mundiyath
Engineering Director, Design & Development and Test & Applications

Mr. Shamal Mundiyath, male, aged 40, an Indian nationality and holder of Malaysia Resident Pass, a pragmatic engineer with a wealth of experience in design, engineering and technology.

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

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

Mr. Shamal 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.

Lee Eng Kiat
Group Manufacturing Manager, Assembly & Manufacturing

Mr. Lee Eng Kiat, male, aged 36, a Malaysian, is our Group 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 program.

Mr Lee started his career in 2008 as a Mechanical Design Engineer in JF Tech. Over the last ten (10) years, he has held several positions in JF Tech in various departments such Design Coordinator, Section Head, Tools & Equipment, Production Manager and Manufacturing Manager. In these roles, he was involved in product and manufacturing process development, manufacturing capacity expansion, kaizen and lean manufacturing programs implementation and government regulations. Prior to assuming his current role, he was the Personal Assistant (PA) 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 does not hold any directorship in public companies and listed companies.

Mr. Lee 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 ("the Company") acknowledges the importance of practising high standard of corporate governance throughout the Company and its subsidiaries ("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 affirms their commitments in ensuring 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 under review:

(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 Malaysia 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 or through the announcement published on the website of Bursa Malaysia 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 to discharge its duties and responsibilities. Standing Committees of the Board inclusive of 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, Managing Director and Chief Executive Officer

The roles of the Chairman, Managing Director and Chief Executive Officer are held by three (3) different individuals, namely Datuk Phang Ah Tong, Dato' Foong Wei Kuong and Mr. Dillon A/L Atma Singh, respectively where their responsibilities are segregated and clearly defined to ensure that there is an appropriate balance of power and authority such that no one individual having the unfettered power of decision making.

The Chairman provides leadership and manages the interface between the Board and Management and also ensures active participation from the Board for decision making whereas the Managing Director and Chief Executive Officer are involved in the day-to-day management of the Group and primarily responsible for contributing strategies and insights to enable the Group 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 and work closely with Management to facilitate and ensure that timely communication and information flow within the Board or Board Committees.

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 Malaysia 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.

(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.

(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 concern, 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.

(d) Anti-Bribery and Anti-Corruption Policy

Following the amendments to Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 and Rule 15.28 of Bursa Malaysia Securities ACE LR that took effect from 1 June 2020, the Company has established its Anti-Bribery and Anti-Corruption Policy that contains policies and guidelines relating to standards and ethics that all employees are expected to adhere to in the course of their work and to the public at large, as part of the Group's commitment in combating bribery and corruption. A copy of the Anti-Bribery and Anti-Corruption Policy is published in the Company's website at 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 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.

Corporate Governance Overview Statement

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

2. BOARD COMPOSITION (CONT'D)

Annual Assessment of Independence of Directors

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

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 MCCG 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.

If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years' term, it should justify and seeks annual shareholders' approval while if the Board continues to retain the Independent Non-Executive Director beyond twelve (12) years' term, the Board should seek annual shareholders' approval through a two-tier voting process.

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 Rule 1.01 of Bursa Malaysia Securities ACE LR.

At the time of writing this Statement, the tenure of the Independent Non-Executive Directors, namely Mr. Lew Jin Aun has exceeded the cumulative term of nine (9) years whereas Dato' Philip Chan Hon Keong and Mr. Koay Kah Ee have exceeded the cumulative term of twelve (12) 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 Group'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 Rule 1.01 of Bursa Malaysia Securities ACE LR;

Corporate Governance Overview Statement

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

2. BOARD COMPOSITION (CONT'D)

Shareholders' Approval for the Retention of Independent Non-Executive Directors (cont'd)

Key justifications for retaining them as Independent Non-Executive Directors are as follows: (cont'd)

(ii) they did not have any conflict of interests 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.

Board Diversity

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

The Board has not set a 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	:	Datuk Phang Ah Tong *(Independent Non-Executive Chairman)* *(Re-designated as Chairman with effect from 1 September 2020)*
Member	:	Dato' Philip Chan Hon Keong *(Independent Non-Executive Director)* *(Re-designated as member with effect from 1 September 2020)*
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; and
- reviewed and assessed the tenure of the 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 the MCCG.

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

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

2. BOARD COMPOSITION (CONT'D)

Nomination Committee

(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 Independent 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.

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 shall 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 Malaysia 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 Constitution 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.

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 under review, 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	5/5
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 Malaysia 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, approval or direction.

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:

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

2. BOARD COMPOSITION (CONT'D)

FOSTER COMMITMENT (CONT'D)

Directors' Training (cont'd)

Directors	Training attended
Datuk Phang Ah Tong	- Innovation: Strategies to Grow an Apple - Islamic Finance for Board - Corporate Liability under Section 17A Talk of MACC Act 2009
Dato' Foong Wei Kuong	- US-China Trade War - Digital Marketing - 5G and Implications - Employing Big Data
Datin Wang Mei Ling	- Institute of Corporate Directors Malaysia Power Talk – Say on Pay: What do Boards need to know
Koay Kah Ee	- Technical Briefing, Recent Developments in Listing Requirements - Integrated Reporting – Communicating Value Creation - 2020 Budget Tax Seminar - Corporate Liability Provision under the MACC Act 2009
Dato' Philip Chan Hon Keong	- Corporate Liability under Section 17A of MACC Act 2009
Goh Kok Sing	- MACC Anti-Bribery and Anti-Corruption Act Training
Lew Jin Aun	- Digital Marketing - 5G and Implications - Employing Big Data - Managing Business in Crisis

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.

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 Chairman)*
Member : Dato' Philip Chan Hon Keong *(Independent Non-Executive Director)*
Member : Lew Jin Aun *(Independent Non-Executive Director)*

During the financial year under review, two (2) meetings were 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 car ownership programme of Executive Director;
- reviewed the remuneration packages for the Managing Director and Executive Directors for the financial year ended 30 June 2020;
- reviewed the payment of Directors' fees for the financial year ended 30 June 2019; and
- reviewed the benefits payable to the Non-Executive Directors from 5 December 2019 until the next AGM of the Company to be held in year 2020.

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

3. REMUNERATION (CONT'D)

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 2020 are as follows:

(a) Company

Name of Directors	Fees (RM)	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit-in-kind (RM)	EPF and SOCSO (RM)	Total (RM)
Non-Executive Directors						
Datuk Phang Ah Tong	36,000	7,000	-	-	-	43,000
Dato' Philip Chan Hon Keong	27,600	7,000	-	-	-	34,600
Koay Kah Ee	33,600	7,000	-	-	-	40,600
Lew Jin Aun	27,600	7,000	-	-	-	34,600
Executive Directors						
Dato' Foong Wei Kuong	-	-	-	-	-	-
Datin Wang Mei Ling	-	-	-	-	-	-
Goh Kok Sing	-	-	-	-	-	-
Total	**124,800**	**28,000**	**-**	**-**	**-**	**152,800**

(b) Group

Name of Directors	Fees (RM)	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit-in-kind (RM)	EPF and SOCSO (RM)	Total (RM)
Non-Executive Directors						
Datuk Phang Ah Tong	36,000	7,000	-	-	-	43,000
Dato' Philip Chan Hon Keong	27,600	7,000	-	-	-	34,600
Koay Kah Ee	33,600	7,000	-	-	-	40,600
Lew Jin Aun	27,600	7,000	-	-	-	34,600
Executive Directors						
Dato' Foong Wei Kuong	-	654,824	145,086	33,162	162,087	995,159
Datin Wang Mei Ling	-	488,528	93,578	11,975	117,753	711,834
Goh Kok Sing	-	121,500	24,310	11,975	20,755	178,540
Total	**124,800**	**1,292,852**	**262,974**	**57,112**	**300,595**	**2,038,333**

Corporate Governance Overview Statement

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

3. REMUNERATION (CONT'D)

Remuneration of Top Five (5) Senior Management Staff

The top five (5) senior management's remuneration component including Employees Provident Fund (EPF), bonus, Social Security Organisation (SOCSO), allowance and benefit-in-kind 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 or through the announcement published on the website of Bursa Securities.

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 2020 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 ensures 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 matters 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 Malaysia 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 recommendation of the same 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.

Corporate Governance Overview Statement

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

4. AUDIT COMMITTEE (CONT'D)

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 Messrs. 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.

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 Tricor Axcelasia Sdn. Bhd. (formerly known as Axcelasia Columbus Sdn. Bhd.) communicate 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 2020.

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 40 to 41 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.

Corporate Governance Overview Statement

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 Meeting ("EGM") is held as and when required. Shareholders will receive Annual Report and notice 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 include a question and answer session in which the Chairman of the AGM would invite shareholders to raise questions on the Company's Audited Financial Statements and other items for approval 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 Malaysia 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 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.

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 Malaysia Securities. This information is also electronically published at Bursa Malaysia Securities' website at http://www.bursamalaysia.com. The Company also maintain its website at www.jftech.com.my containing essential corporate information about the Group and its products as well as announcements made to Bursa Malaysia Securities for the access of the general public.

Corporate Governance Overview Statement

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

7. CONDUCT OF GENERAL MEETINGS (CONT'D)

Poll Voting

Bursa Malaysia Securities ACE LR requires 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 2019 AGM held on 4 December 2019 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 29 September 2020.

Additional Compliance Information

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

Utilisation of Proceeds

The Company's Private Placement exercise was completed upon subscription and listing of the 15,749,900 Placement Shares at RM3.20 per Placement Share on the ACE Market of Bursa Malaysia Securities Berhad on 4 September 2020. The gross proceeds raised from the Private Placement exercise were RM50.40 million and the utilisation status is as set out below:

Notes	Details of utilisation	Proposed utilisation based on the announcement (RM'000)	Actual utilisation as at 29 September 2020 (RM'000)	Timeframe of utilisation based on the announcement	Balance as at 29 September 2020 (RM'000)	Status of utilisation as at 29 September 2020
	Factory capacity expansion	23,000	Nil	Within 36 months	23,000	Unutilised
	Research and development laboratory expansion	4,000	Nil	Within 24 months	4,000	Unutilised
	Setting up of new test interface and services business unit	12,000	Nil	Within 24 months	12,000	Unutilised
	Purchase of input materials and manufacturing consumables	5,000	Nil	Within 60 months	5,000	Unutilised
(a)	Future working capital/ investment	13,820*	Nil	Within 60 months	6,049**	Unutilised
(b)	Estimated expenses in relation to the Private Placement exercise	350	350	Within 6 months	Nil	Fully utilised
	Total	**58,170**	**350**		**50,049**	

Notes:-

(a) The proceeds have been earmarked for future working capital use and/or investment purpose which the Board of Directors ("Board") has not decided on the exact details on the utilisation. The RM13.82 million proceeds will be placed in interest-bearing fixed deposit accounts with licensed financial institution(s) or in short-term money market instruments.

(b) The estimated expenses consist of professional fees, regulatory fees and other incidental expenses in relation to the Private Placement exercise. Any variation in the actual amount of the expenses for the Private Placement will be adjusted proportionately to/from the proceeds earmarked for the purchase of input materials and manufacturing consumables.

* The amount was allocated based on the expected RM58.17 million of gross proceeds raised from the issuance of up to 20,999,900 Placement Shares.

** The amount was allocated based on RM50.40 million raised from the issuance of 15,749,900 Placement Shares listed on the ACE Market of Bursa Malaysia Securities Berhad on 4 September 2020.

Additional Compliance Information

Audit and Non-Audit Fees

During the financial year under review, the amounts 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:

	Company (RM'000)	Group (RM'000)
Audit Fees	32,000	83,000
Non-Audit Fees	5,000	5,000

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 2020.

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 for reviewing 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 2020 and up to the date of approval of the 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.

KEY ELEMENTS OF INTERNAL CONTROL

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;
ii. Limit of authority and approval facilitating delegation of authority;
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.

Statement on Risk Management and Internal Control

KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

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

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 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; and
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 2020 was RM34,400.00.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report. Their reviews were performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement Other than Audits or Reviews of Historical Financial Information and 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 Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

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 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 29 September 2020.

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 2020 ("FYE2020").

COMPOSITION OF THE AUDIT COMMITTEE AND MEETINGS

During the FYE2020, 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	Member/Independent Non-Executive Director	5/5

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.

SUMMARY OF ACTIVITIES DURING THE FYE2020

The activities undertaken by the Audit Committee in the discharge of its functions and duties during the FYE2020 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
23 August 2019	Fourth quarter results for the financial year ended 30 June 2019 ("FYE2019")
29 November 2019	First quarter results for the FYE2020
21 February 2020	Second quarter results for the FYE2020
15 May 2020	Third quarter results for the FYE2020

The review was to verify 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 ACTIVITIES DURING THE FYE2020 (CONT'D)

1) Financial Reporting (cont'd)

b) Reviewed and recommended to the Board of Directors in respect of the Audited Financial Statements of the Company and the Group for the FYE2019 at its meeting held on 30 September 2019 and assessed whether the aforesaid Audited Financial Statements of the Company and the Group for the FYE2019 presented a true and fair view of the Company's financial position and performance and complied with all the regulatory requirements.

2) External Audit

a) Reviewed and deliberated with the External Auditors at the meetings held on 23 August 2019 and 30 September 2019 on the Audit Completion Report for the FYE2019 and Audit Review Memorandum for the FYE2019.

b) Reviewed the Audit Planning Memorandum for the FYE2020 presented by the External Auditors on 15 May 2020.

c) Deliberated 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 the financial controls and operational efficiencies of the Company and its subsidiaries.

d) 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.

e) 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 2020 at its meeting held on 30 September 2019.

3) Internal Audit

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

For the FYE2020, the internal audit function has successfully conducted the following audits in accordance with their Internal Audit Plan for the FYE2020 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 Research and Development	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 Inventory Management and Procurement	J Foong Technologies Sdn. Bhd.

The Audit Committee reviewed the significant audit findings and recommendations in the Internal Auditors' Reports to improve any weaknesses or non-compliance, and the respective Management's responses thereto during the meetings held on 29 November 2019 and 15 May 2020.

Audit Committee Report

SUMMARY OF ACTIVITIES DURING THE FYE 2020 (CONT'D)

4) Risk Management Progress Report

The Audit Committee reviewed and deliberated on the Risk Management Reports for the period from October 2019 to March 2020 and April 2020 to September 2020 which covered the Principal Risks (Strategic, Project and Product Risks) and Non-Principal Risks (Operational and Financial Risks) of the Group during the meetings held on 29 November 2019 and 15 May 2020, 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 in respect of the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the 2019 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 FYE2020, 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 FYE2020 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.

Financial Statements

Directors' Report	47
Statement by Directors	52
Statutory Declaration	52
Independent Auditors' Report	53
Statements of Financial Position	56
Statements of Profit or Loss and Other Comprehensive Income	58
Statements of Changes in Equity	60
Statements of Cash Flows	62
Notes to the Financial Statements	64

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 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM'000	The Company RM'000
Profit after tax for the financial year	8,018	3,427
Attributable to:-		
Owners of the Company	8,018	3,427
Non-controlling interests	-	-
	8,018	3,427

DIVIDENDS

The Company paid a final dividend of 0.50 sen per ordinary share amounting to RM1,049,998 for the financial year ended 30 June 2019 on 26 December 2019.

On 25 August 2020, the Company declared a final dividend of 1.50 sen per ordinary share amounting to RM3,386,244 in respect of the current financial year, paid on 25 September 2020, to shareholders whose names appeared in the record of depositors on 11 September 2020. The financial statements for the current financial year do not reflect this final dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2021.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those 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.

Directors' Report

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

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 subsidiaries 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 →			
	At 1.7.2019	Bought	Sold	At 30.6.2020
Direct Interests in the Company				
Dato' Foong Wei Kuong	104,965,522	-	-	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	76,666	-	-	76,666
Indirect Interests in the Company				
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 31 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 24 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Group and of the Company were RM5,000,000 and RM15,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 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 value 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 were not 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 require 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.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 36 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 37 to the financial statements.

Directors' Report

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 24 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 September 2020.

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 56 to 121 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 2020 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 29 September 2020.

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 56 to 121 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 29 September 2020

Datin Wang Mei Ling

Before me:
Datin Hajah Raihela Wanchik (No. W-257)
Commissioner for Oaths

Independent Auditors' Report

TO THE MEMBERS OF JF TECHNOLOGY BERHAD
INCORPORATED IN MALAYSIA
Registration No: 200601027925 (747681 – H)

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 2020 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 56 to 121.

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 2020, 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 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' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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

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.

Independent Auditors' Report

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

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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:- (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Ngiam Mia Teck
03000/07/2022 J
Chartered Accountant

Kuala Lumpur

29 September 2020

Statements of Financial Position

AT 30 JUNE 2020

	Note	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
ASSETS					
Non-current assets					
Investments in subsidiaries	5	-	-	17,801	17,801
Property, plant and equipment	6	15,161	20,450	32	32
Right-of-use assets	7	6,126	-	-	-
		21,287	20,450	17,833	17,833
Current assets					
Inventories	8	3,152	2,426	-	-
Trade and other receivables	9	6,467	10,046	3,785	1,512
Amount owing by a subsidiary	10	-	-	16	-
Current tax assets		201	47	-	1
Fixed deposit with a licensed bank	11	229	223	229	223
Cash and cash equivalents	12(d)	13,768	11,526	3,454	3,370
		23,817	24,268	7,484	5,106
TOTAL ASSETS		45,104	44,718	25,317	22,939
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	21,253	21,253	21,253	21,253
Reserves	14	17,014	10,046	3,961	1,584
TOTAL EQUITY		38,267	31,299	25,214	22,837

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

Statements of Financial Position

AT 30 JUNE 2020

	Note	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
Non-current liabilities					
Lease liabilities	15	1,112	-	-	-
Hire purchase payables	16	-	603	-	-
Deferred income	17	1,434	1,637	-	-
Deferred tax liabilities	18	915	898	-	-
		3,461	3,138	-	-
Current liabilities					
Trade and other payables	19	2,544	9,070	103	102
Current tax liabilities		#	-	#	-
Lease liabilities	15	630	-	-	-
Hire purchase payables	16	-	305	-	-
Term loan	20	202	906	-	-
		3,376	10,281	103	102
TOTAL LIABILITIES		6,837	13,419	103	102
TOTAL EQUITY AND LIABILITIES		45,104	44,718	25,317	22,939

Note:
\# - Amount below RM1,000

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 2020

		The Group		The Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	21	26,815	23,025	3,700	1,500
Cost of sales	22	(7,168)	(6,279)	-	-
Gross profit		19,647	16,746	3,700	1,500
Other income	23	976	692	117	118
Administrative expenses	24	(11,565)	(13,193)	(389)	(344)
Other expenses	25	(938)	(994)	#	(1)
Profit from operations		8,120	3,251	3,428	1,273
Finance costs	26	(62)	(45)	-	-
Profit before tax		8,058	3,206	3,428	1,273
Income tax expense	27	(40)	(190)	(1)	-
Profit after tax		8,018	3,016	3,427	1,273
Other comprehensive income		-	-	-	-
Total comprehensive income		8,018	3,016	3,427	1,273
Profit after tax attributable to:-					
Owners of the Company		8,018	3,016	3,427	1,273
Non-controlling interests		-	-	-	-
		8,018	3,016	3,427	1,273
Total comprehensive income attributable to:-					
Owners of the Company		8,018	3,016	3,427	1,273
Non-controlling interests		-	-	-	-
		8,018	3,016	3,427	1,273

Note:
- Amount below RM1,000

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 2020

	Note	The Group 2020	The Group 2019
Earnings per ordinary share (sen)	28		
- Basic		3.82	1.44
- Diluted		3.82	1.44

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

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The Group	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 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 2019/1 July 2019		21,253	-	10,046	31,299
Profit after tax/Total comprehensive income		-	-	8,018	8,018
Distribution to owners of the Company:					
- dividend paid by the Company	29	-	-	(1,050)	(1,050)
Balance as at 30 June 2020		21,253	-	17,014	38,267

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

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The Company	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 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/ 1 July 2019		21,253	-	1,584	22,837
Profit after tax/Total comprehensive income		-	-	3,427	3,427
Distribution to owners of the Company:					
- dividend paid by the Company	29	-	-	(1,050)	(1,050)
Balance as at 30 June 2020		21,253	-	3,961	25,214

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

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		The Group		The Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before tax		8,058	3,206	3,428	1,273
Adjustments for:-					
Depreciation of property, plant and equipment		1,110	1,385	#	1
Depreciation of right-of-use assets		356	-	-	-
Dividend income		-	-	(3,700)	(1,500)
Interest expenses		62	45	-	-
Inventories written off		29	63	-	-
Unrealised loss on foreign exchange		#	36	-	-
Property, plant and equipment written off		#	2	-	-
Amortisation of deferred income	17	(203)	(206)	-	-
Gain on disposal of property, plant and equipment		(22)	-	-	-
Gain on disposal of right-of-use asset		(62)	-	-	-
Interest income		(220)	(244)	(117)	(118)
Unrealised gain on foreign exchange		(83)	(46)	-	-
Operating profit/(loss) before working capital changes		9,025	4,241	(389)	(344)
Increase in inventories		(755)	(575)	-	-
Decrease/(Increase) in trade and other receivables		3,604	(5,081)	(73)	1
(Decrease)/Increase in trade and other payables		(6,994)	1,518	1	(1)
Increase in amount owing by a subsidiary		-	-	(16)	-
Cash generated from/(for) operating activities		4,880	103	(477)	(344)
Tax (paid)/refunded		(177)	87	(#)	(1)
Net cash from/(for) operating activities		4,703	190	(477)	(345)

Note:
- Amount below RM1,000

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

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Dividend received		-	-	1,500	-
Increase in pledged fixed deposit with a licensed bank		(6)	(7)	(6)	(7)
Interest received		220	244	117	118
Proceeds from disposal of property, plant and equipment		24	-	-	-
Proceeds from disposal of right-of-use assets		95	-	-	-
Purchase of property, plant and equipment	12(a)	(422)	(776)	-	-
Purchase of right-of-use assets	12(a)	(175)	-	-	-
Net cash (for)/from investing activities		(264)	(539)	1,611	111
CASH FLOWS FOR FINANCING ACTIVITIES ACTIVITIES					
Dividend paid	29	(1,050)	-	(1,050)	-
Interest paid	12(b)	(62)	(45)	-	-
Repayment of lease liabilities	12(b)	(439)	-	-	-
Repayment of term loan	12(b)	(704)	(925)	-	-
Repayment of hire purchase	12(b)	-	(186)	-	-
Net cash for financing activities		(2,255)	(1,156)	(1,050)	-
Net increase/(decrease) in cash and cash equivalents		2,184	(1,505)	84	(234)
Cash and cash equivalents at beginning of financial year		11,526	12,976	3,370	3,604
Effects of exchange rate changes		58	55	-	-
Cash and cash equivalents at end of financial year	12(d)	13,768	11,526	3,454	3,370

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

Notes to the Financial Statements

30 JUNE 2020

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 2020 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 29 September 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 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 16 Lease
IC Interpretation 23 Uncertainly Over Income Tax Treatments
Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015 – 2017 Cycles

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 leasehold land, motor vehicles and plant and machinery as right-of-use assets as disclosed in Note 7 to the financial statements. The Group has adopted MFRS 16 using the modified retrospective application and has not made any adjustment to the retained profits as at 1 July 2019 (date of initial application) without restating any comparative information.

Notes to the Financial Statements
30 JUNE 2020

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:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 17 Insurance Contracts	1 January 2023*
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	At issue date of 17 August 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
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 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023**
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

* The effective date has been deferred from annual reporting periods beginning on or after 1 January 2021 to 1 January 2023 pursuant to the amendments to MFRS 17 issued by the MASB, namely 'Amendments to MFRS 17 Insurance Contracts'.

** The effective date has been deferred from annual reporting periods beginning on or after 1 January 2022 to 1 January 2023 pursuant to the amendments to MFRS 101 issued by the MASB, namely 'Classification of Liabilities as Current or Non-current – Deferral of Effective Date'.

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.

Notes to the Financial Statements

30 JUNE 2020

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 and Right-Of-Use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets 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 and right-of-use assets 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 and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 to the financial statements.

(b) 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.

(c) 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.

(d) 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 and amount owing by a subsidiary as at the reporting date are disclosed in Notes 9 and 10 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (cont'd)

(e) 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 and current tax liabilities of the Group and of the Company as at the reporting date are:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax assets	201	47	-	1
Current tax liabilities	#	-	#	-

Note:
- Amount below RM1,000

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:-

Lease Term

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

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.

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 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(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).

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(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).

(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 expired. 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.

Notes to the Financial Statements

30 JUNE 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(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.

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:-

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Long-term leasehold land	Not applicable (2019 – Over 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%

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.

Notes to the Financial Statements

30 JUNE 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

(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 that reflects current market assessments of the time value of money and the risks specific to the asset. 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

<u>Accounting Policies Applied Until 30 June 2019</u>

(a) Finance Leases

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASES (CONT'D)

Accounting Policies Applied Until 30 June 2019 (cont'd)

(b) Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group.

Payments made under operating leases are recognised as an expense in the profit and loss on straight-line method over the term of the leases. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit and loss in the reporting period in which they are incurred.

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2020 RM'000	The Company 2019 RM'000
Unquoted shares, at cost	10,901	10,901
Equity loan to a subsidiary	6,900	6,900
	17,801	17,801

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 2020	Percentage of Issued Share Capital Held by Parent 2019	Principal Activities
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.
JF International Sdn. Bhd. ^	Malaysia	100%	-	Investment holding

Note:
^ - This subsidiary was not audited during the financial year.

On 3 April 2020, the Company incorporated a wholly-owned subsidiary known as JF International Sdn. Bhd. with an issued and paid-up capital of RM2 comprising two (2) ordinary shares.

6. PROPERTY, PLANT AND EQUIPMENT

The Group 2020	1.7.2019 As previously reported RM'000	1.7.2019 Initial application of MFRS 16 RM'000	1.7.2019 As restated RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Balance as at 30.6.2020 RM'000
Cost							
Long-term leasehold land	4,601	(4,601)	-	-	-	-	-
Building	11,997	-	11,997	-	-	-	11,997
Computer and software	1,306	-	1,306	176	(8)	(3)	1,471
Furniture and fittings	545	-	545	5	-	(4)	546
Motor vehicles	1,969	(1,095)	874	-	(169)	-	705
Office equipment	486	-	486	17	(4)	(4)	495
Plant and machinery	9,765	(460)	9,305	556	-	-	9,861
Renovation	287	-	287	-	-	-	287
Signboard	34	-	34	-	-	-	34
Tools and equipment	2,146	-	2,146	136	-	-	2,282
	33,136	(6,156)	26,980	890	(181)	(11)	27,678

Notes to the Financial Statements
30 JUNE 2020

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2020	1.7.2019 As previously reported RM'000	1.7.2019 Initial application of MFRS 16 RM'000	1.7.2019 As restated RM'000	Depreciation charges RM'000	Disposals RM'000	Written off RM'000	Balance as at 30.6.2020 RM'000
Accumulated depreciation							
Long-term leasehold land	543	(543)	-	-	-	-	-
Building	2,393	-	2,393	240	-	-	2,633
Computer and software	1,163	-	1,163	76	(8)	(3)	1,228
Furniture and fittings	490	-	490	11	-	(4)	497
Motor vehicles	1,389	(537)	852	9	(169)	-	692
Office equipment	351	-	351	31	(2)	(4)	376
Plant and machinery	3,896	(9)	3,887	589	-	-	4,476
Renovation	169	-	169	20	-	-	189
Signboard	2	-	2	#	-	-	2
Tools and equipment	1,358	-	1,358	134	-	-	1,492
	11,754	(1,089)	10,665	1,110	(179)	(11)	11,585

6. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The Group 2020	Balance as at 1.7.2019 RM'000	Disposal RM'000	Balance as at 30.6.2020 RM'000
Accumulated impairment losses			
Plant and machinery	759	-	759
Tools and equipment	173	-	173
	932	-	932

The 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
Cost				
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

Note:
- Amount below RM1,000

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2019	Balance as at 1.7.2018 RM'000	Depreciation charges RM'000	Written off RM'000	Balance as at 30.6.2019 RM'000
Accumulated depreciation				
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

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

Note:
- Amount below RM1,000

Notes to the Financial Statements
30 JUNE 2020

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company 2020	Balance as at 1.7.2019 RM'000	Addition RM'000	Balance as at 30.6.2020 RM'000
Cost			
Computer and software	20	-	20
Furniture and fittings	2	-	2
Signboard	34	-	34
	56	-	56

The Company 2020	Balance as at 1.7.2019 RM'000	Depreciation charges RM'000	Balance as at 30.6.2020 RM'000
Accumulated depreciation			
Computer and software	20	-	20
Furniture and fittings	2	-	2
Signboard	2	#	2
	24	#	24

The Company 2019	Balance as at 1.7.2018 RM'000	Addition RM'000	Balance as at 30.6.2019 RM'000
Cost			
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 2020

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company 2019	Balance as at 1.7.2018 RM'000	Depreciation charges RM'000	Balance as at 30.6.2019 RM'000
Accumulated depreciation			
Computer and software	20	-	20
Furniture and fittings	1	1	2
Signboard	2	#	2
	23	1	24

Note:
- Amount below RM1,000

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Carrying amount				
Long-term leasehold land	-	4,058	-	-
Building	9,364	9,604	-	-
Computer and software	243	143	-	-
Furniture and fittings	49	55	-	-
Motor vehicles	13	580	-	-
Office equipment	119	135	-	-
Plant and machinery	4,626	5,110	-	-
Renovation	98	118	-	-
Signboard	32	32	32	32
Tools and equipment	617	615	-	-
	15,161	20,450	32	32

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) In the previous financial year, the net carrying amount of property, plant and equipment of the Group held under hire-purchase arrangements were as follows:-

Carrying amount	The Group 2019 RM'000
Motor vehicles	558
Plant and machinery	451
	1,009

(b) The long-term leasehold land and a building of a subsidiary have been charged to a financial institution for a term loan facility granted to the Group as disclosed in Note 20 to the financial statements.

	The Group	
	2020 RM'000	2019 RM'000
Long-term leasehold land	-	4,058
Building	9,364	9,604
	9,364	13,662

7. RIGHT-OF-USE ASSETS

The Group 2020	1.7.2019 As previously reported RM'000	1.7.2019 Initial application of MFRS 16 RM'000	1.7.2019 As restated RM'000	Additions RM'000	Disposal RM'000	Balance as at 30.6.2020 RM'000
Cost						
Long-term leasehold land	-	4,601	4,601	-	-	4,601
Motor vehicles	-	1,095	1,095	625	(182)	1,538
Plant and machinery	-	460	460	823	-	1,283
	-	6,156	6,156	1,448	(182)	7,422

The Group 2020	1.7.2019 As previously reported RM'000	1.7.2019 Initial application of MFRS 16 RM'000	1.7.2019 As restated RM'000	Depreciation charges RM'000	Disposal RM'000	Balance as at 30.6.2020 RM'000
Accumulated depreciation						
Long-term leasehold land	-	543	543	46	-	589
Motor vehicles	-	537	537	246	(149)	634
Plant and machinery	-	9	9	64	-	73
	-	1,089	1,089	356	(149)	1,296

7. RIGHT-OF-USE ASSETS (CONT'D)

	The Group 2020 RM'000
Analysed by:-	
Cost	7,422
Accumulated depreciation	(1,296)
	6,126

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

(a) The Group has lease contracts for long-term leasehold land, motor vehicles and plant and machinery used in its operations. Their lease terms are as below:-

	The Group 2020
Long-term leasehold land	99 years
Motor vehicles	5 years
Plant and machinery	3 years

(b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low value assets' recognition exemptions for these leases.

(c) The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased assets and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

(d) The leasehold land of the Group has been pledged to a licensed bank as security for a term loan facility granted to the Group as disclosed in Note 20 to the financial statements.

Notes to the Financial Statements

30 JUNE 2020

8. INVENTORIES

	The Group	
	2020	2019
	RM'000	RM'000
At cost		
Raw materials	1,327	789
Work-in-progress	278	264
Finished goods	1,547	1,372
	3,152	2,425
At net realisable value		
Raw materials	#	1
	3,152	2,426
Recognised in profit or loss:-		
Inventories recognised as cost of sales	1,054	872
Amount written off	29	63

Note:
- Amount below RM1,000

9. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	6,047	3,418	-	-
Other receivables, deposits and prepayments				
Other receivables	79	-	79	-
Deposits	116	6,462	1	-
Prepayments	222	156	5	12
Staff advances	3	10	-	-
Dividend receivable	-	-	3,700	1,500
	420	6,628	3,785	1,512
	6,467	10,046	3,785	1,512

9. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables are non-interest bearing and the normal credit terms granted by the Group range from 30 to 90 days (2019: 30 to 90 days) from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

In the previous financial year, included in deposits was 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 35 to the financial statements. The funds had been transferred from the trust account to the plaintiff during the financial year.

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

	The Group	
	2020	2019
	RM'000	RM'000
United States Dollar	4,286	8,825
Chinese Renminbi	-	9

(b) Information on financial risks of trade and other receivables are disclosed in Note 34 to the financial statements.

10. AMOUNT OWING BY A SUBSIDIARY

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

11. 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% (2019: 3.15%) per annum. The fixed deposit has a maturity period of 30 days (2019: 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.

12. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment and the additions of right-of-use assets is as follows:-

	The Group	
	2020	2019
	RM'000	RM'000
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 6)	890	1,315
Less: Amount financed through hire purchase (Note 12(b))	-	(539)
Less: Other payables – amounts not yet due for payment	(468)	-
	422	776

	The Group	
	2020	2019
	RM'000	RM'000
Right-of-use assets		
Cost of right-of-use assets acquired (Note 7)	1,448	-
Less: Addition of new lease liabilities (Note 12(b))	(1,273)	-
	175	-

Notes to the Financial Statements
30 JUNE 2020

12. CASH FLOW INFORMATION (CONT'D)

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

The Group	Hire Purchase Payables RM'000	Lease Liabilities RM'000	Term Loan RM'000	Total RM'000
2020				
At 1 July 2019:				
- as previously reported	908	-	906	1,814
- effects on adoption of MFRS 16	(908)	908	-	-
- as restated	-	908	906	1,814
Changes in Financing Cash Flows				
Repayment of principal	-	(439)	(704)	(1,143)
Repayment of interest	-	(60)	(2)	(62)
	-	(499)	(706)	(1,205)
Non-cash Changes				
Acquisition of new leases (Note 12(a))	-	1,273	-	1,273
Interest expenses recognised in profit or loss	-	60	2	62
	-	1,333	2	1,335
At 30 June 2020	-	1,742	202	1,944

12. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (cont'd)

The Group	Hire Purchase Payables RM'000	Term Loan RM'000	Total RM'000
2019			
At 1 July 2018	555	1,831	2,386
Changes in Financing Cash Flows			
Repayment of principal	(186)	(925)	(1,111)
Repayment of interests	(24)	(21)	(45)
	(210)	(946)	(1,156)
Non-cash Changes			
New hire purchase (Note 12(a))	539	-	539
Interest expenses recognised in profit or loss	24	21	45
	563	21	584
At 30 June 2019	908	906	1,814

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group 2020 RM'000
Payment of short-term leases	79
Payment of low value assets	7
Interest paid on lease liabilities	60
Payment of lease liabilities	439
	585

Notes to the Financial Statements
30 JUNE 2020

12. CASH FLOW INFORMATION (CONT'D)

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

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash in hand	16	8	#	#
Bank balances	4,653	4,152	133	110
Cash and bank balances	4,669	4,160	133	110
Short-term funds:				
- Money market unit trust funds in Malaysia	9,099	7,366	3,321	3,260
Cash and cash equivalents	13,768	11,526	3,454	3,370

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.

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

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
United States Dollar	2,604	2,124	-	-

(f) Information on financial risks of cash and cash equivalents are disclosed in Note 34 to the financial statements.

Note:
- Amount below RM1,000

Notes to the Financial Statements

30 JUNE 2020

13. SHARE CAPITAL

	The Group/The Company			
	2020		2019	
	Number Of Shares '000	RM'000	Number Of Shares '000	RM'000
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 July 2019/2018	210,000	21,253	210,000	21,000
Transfer from share premium account	-	-	-	253
At 30 June 2020/2019	210,000	21,253	210,000	21,253

(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) In the previous financial year, included in share capital was 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).

14. RESERVES

In the previous financial year, included in reserves was a share premium of approximately RM253,000 that was transferred to share capital.

Notes to the Financial Statements
30 JUNE 2020

15. LEASE LIABILITIES

	The Group 2020 RM'000
At 1 July:	
- as previously reported	-
- initial application of MFRS 16	908
- as restated	908
Additions (Note 12(a))	1,273
Interest expenses recognised in profit and loss (Note 26)	60
Repayment of principal	(439)
Repayment of interest expenses	(60)
At 30 June	1,742
Analysed by:-	
Current liabilities	630
Non-current liabilities	1,112
	1,742

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

Certain lease liabilities of the Group are secured by the Group's motor vehicles and plant and machinery under the hire purchase arrangements as disclosed in Note 7 to the financial statements, with the lease terms ranging from 2 to 5 years and bear effective interest rates ranging from 2.85% to 5.87% per annum.

16. HIRE PURCHASE PAYABLES

	The Group 2019 RM'000
Minimum hire purchase payments:	
- not later than one (1) year	341
- later than one (1) year but not later than five (5) years	633
Total minimum hire purchase payments	974
Less: Future interest charges	(66)
Present value of hire purchase payments	908
Analysed by:-	
Current liabilities	305
Non-current liabilities	603
	908

(a) The hire purchase payables have been represented as 'lease liabilities' as shown in Note 15 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.

(b) In the previous financial year, the hire purchase payables of the Group were secured by the Group's motor vehicles and plant and machinery under finance leases as disclosed in Note 6(a) to the financial statements. The hire purchase arrangements were expiring from 1 to 4 years.

(c) In the previous financial year, the hire purchase payables of the Group bore effective interest rates ranging from 2.85% to 5.87% per annum. The interest rates were fixed at the inception of the hire purchase arrangement.

17. DEFERRED INCOME

	The Group	
	2020 RM'000	2019 RM'000
Balance as at 1 July 2019/2018	1,637	1,843
Recognised in profit or loss (Note 23)	(203)	(206)
Balance as at 30 June 2020/2019	1,434	1,637

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.

18. DEFERRED TAX LIABILITIES

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

	The Group	
	2020	2019
	RM'000	RM'000
Balance as at 1 July 2019/2018	898	967
Recognised in profit or loss (Note 27)	17	(69)
Balance as at 30 June 2020/2019	915	898

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

	The Group	
	2020	2019
	RM'000	RM'000
Deferred tax assets:-		
Unutilised capital allowances	(42)	-
Unutilised tax losses	(71)	(63)
	(113)	(63)
Deferred tax liabilities:-		
Accelerated capital allowances over depreciation	1,009	958
Others	19	3
	1,028	961
	915	898

Notes to the Financial Statements

30 JUNE 2020

19. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	233	156	-	-
Other payables and accruals				
Other payables	773	799	2	2
Accruals	1,478	1,851	101	100
Deposits	50	-	-	-
Provision for damages (Note 35)	-	6,260	-	-
Sales and service tax payable	10	4	-	-
	2,311	8,914	103	102
	2,544	9,070	103	102

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 60 days (2019: 30 to 60 days) from date of invoice.

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

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
United States Dollar	106	6,928	-	-

(c) Information on financial risks of trade and other payables are disclosed in Note 34 to the financial statements.

Notes to the Financial Statements
30 JUNE 2020

20. TERM LOAN

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 3.72% (2019: 4.72%) per annum.

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 Notes 6 and 7 to the financial statements; and

(ii) a corporate guarantee of the Company.

Information on financial risks of borrowings is disclosed in Note 34 to the financial statements.

21. REVENUE

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue from Contracts with Customers				
Sale of electronic products, components and test probes	26,815	23,025	-	-
Revenue from Other Sources				
Dividend income from a subsidiary	-	-	3,700	1,500

22. COST OF SALES

	The Group	
	2020	2019
	RM'000	RM'000
Included in cost of sales are:-		
Depreciation of property, plant and equipment	722	689
Depreciation of right-of-use assets	65	-
Inventories written off	29	63
Rental of premises	-	38
Lease expenses:		
- short-term leases	39	-
- low value assets	3	-

Notes to the Financial Statements
30 JUNE 2020

23. OTHER INCOME

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Included in other income are:-				
Amortisation of deferred income	203	206	-	-
Gain on disposal of property, plant plant and equipment	22	-	-	-
Gain on disposal of right-of-use asset	62	-	-	-
Interest income from:				
- fixed deposit	6	7	6	7
- short-term funds	214	237	111	111
Gain on foreign exchange:				
- realised	363	178	-	-
- unrealised	83	46	-	-

24. ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Included in administrative expenses are:-				
Auditors' remuneration:				
- audit fee	83	81	32	30
- non audit fee	5	5	5	5
Directors' remuneration:				
- fees	125	125	125	125
- emoluments other than fees	1,857	1,572	28	23
Rental of premises	-	44	-	-
Lease expenses:				
- short-term leases	40	-	-	-
- low value assets	4	-	-	-

25. OTHER EXPENSES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Included in other expenses are:-				
Depreciation of property, plant and equipment	388	696	#	1
Depreciation of right-of-use assets	291	-	-	-
Property, plant and equipment written off	#	2	-	-
Loss on foreign exchange:				
- realised	259	260	-	#
- unrealised	#	36	-	-

Note:
- Amount below RM1,000

26. FINANCE COSTS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expenses:				
- lease liabilities	60	-	-	-
- hire purchase	-	24	-	-
- term loan	2	21	-	-
	62	45	-	-

27. INCOME TAX EXPENSE

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax:				
- for the financial year	2	247	1	-
- underprovision in the previous financial year	21	12	-	-
	23	259	1	-
Deferred tax (Note 18):				
- relating to origination and reversal of temporary differences	17	(69)	-	-
	40	190	1	-

27. INCOME TAX EXPENSE (CONT'D)

A subsidiary was 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.

A reconciliation of income tax expense applicable to the profit 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:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	8,058	3,206	3,428	1,273
Tax at statutory tax rate of 24% (2019: 24%)	1,934	769	823	305
Tax effects in respect of:-				
Non-allowable expenses	433	669	66	55
Non-taxable income	(73)	(80)	(888)	(360)
Tax-exempt income from Pioneer Status	(2,275)	(1,180)	-	-
	19	178	1	-
Underprovision in the previous financial year:				
- current tax	21	12	-	-
	40	190	1	-

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

Notes to the Financial Statements
30 JUNE 2020

28. 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.

	The Group	
	2020	2019
Earnings for the financial year attributable to equity holders of the parent (RM'000)	8,018	3,016
Weighted average number of ordinary shares in issue ('000)	210,000	210,000
Basic earnings per ordinary share (sen)	3.82	1.44

(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.

29. DIVIDEND

	The Group/The Company	
	2020	2019
	RM'000	RM'000
Final single tier dividend of 0.50 sen per ordinary share in respect of the previous financial year, paid on 26 December 2019	1,050	-

On 25 August 2020, the Company declared a final dividend of 1.50 sen per ordinary share amounting to RM3,386,244 in respect of the current financial year, paid on 25 September 2020, to shareholders whose names appeared in the record of depositors on 11 September 2020. The financial statements for the current financial year do not reflect this final dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2021.

30. EMPLOYEE BENEFITS

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Salaries and allowances	6,725	6,414	-	-
Defined contribution plan	947	831	-	-
Other employee benefits	2,095	1,553	28	23
	9,767	8,798	28	23

Included in employee benefits of the Group and of the Company are Directors' other emoluments amounting to RM1,857,000 (2019: RM1,572,000) and RM28,000 (2019: RM23,000) respectively.

31. 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.

(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:-

	2020	2019
Company	RM'000	RM'000
Dividend received/receivable from a subsidiary	3,700	1,500

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

31. RELATED PARTY DISCLOSURES (CONT'D)

(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:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive Directors:				
Short-term employee benefits:				
- salaries and allowances	1,533	1,309	-	-
- defined contribution plan	296	240	-	-
- others	57	66	-	-
Non-executive Directors:				
Short-term employee benefits:				
- allowances	28	23	28	23
- fee	125	125	125	125
Other Key Management Personnel:				
Short-term employee benefits:				
- salaries and allowances	1,172	1,003	-	-
- defined contribution plan	144	123	-	-
- others	87	75	-	-
Total	3,371	2,964	153	148

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM57,112 (2019: RM65,820).

32. SEGMENTAL INFORMATION

(a) Segmental information

The revenue from external customers in Malaysia amounted to approximately RM6,595,000 (2019: approximately RM6,722,000), and the total revenue from external customers from other countries amounted to approximately RM20,220,000 (2019: RM16,303,000).

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	2020 RM'000	2019 RM'000
Malaysia	6,595	6,722
China	9,213	6,250
United States	2,866	2,580
Taiwan	1,667	2,143
Philippines	2,505	1,698
Others	3,969	3,632
Total	26,815	23,025

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	
	2020 RM'000	2019 RM'000
Customer A	3,572	4,766
Customer B	-	3,003

33. 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 make 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

	2020		2019	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Financial Assets				
Amortised Cost				
Trade and other receivables	6,126	3,779	3,418	1,500
Fixed deposit with a licensed bank	229	229	223	223
Cash and bank balances	4,669	133	4,160	110
Amount owing by a subsidiary	-	16	-	-
	11,024	4,157	7,801	1,833
Mandatorily at Fair Value Through Profit or Loss				
Short-term funds	9,099	3,321	7,366	3,260
Financial Liability				
Amortised Cost				
Lease liabilities	1,742	-	-	-
Hire purchase payables	-	-	908	-
Term loan	202	-	906	-
Trade and other payables	2,484	103	2,806	102
	4,428	103	4,620	102

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Gains or Losses Arising from Financial Instruments

	2020		2019	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Financial Assets				
Amortised Cost				
Net gains/(losses) recognised in profit or loss	206	6	(58)	7
Mandatorily at Fair Value Through Profit or Loss				
Net gains recognised in profit or loss	214	111	237	111
Financial Liability				
Amortised Cost				
Net (losses)/gain recognised in profit or loss	(75)	-	52	-

(d) Fair Value Information

The fair values of the financial asset and financial liabilities of the Group and of 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
The Group				
2020				
Financial Asset				
Short-term funds	9,099	-	9,099	9,099
Financial Liability				
Term loan	-	202	202	202

33. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information (cont'd)

	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
The Group				
2019				
Financial Asset				
Short-term funds	7,366	-	7,366	7,366
Financial Liabilities				
Hire purchase payables	-	901	901	908
Term loan	-	906	906	906
The Company				
2020				
Financial Asset				
Short-term funds	3,321	-	3,321	3,321
2019				
Financial Asset				
Short-term funds	3,260	-	3,260	3,260

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) In the previous financial year, the fair value of hire purchase payables were 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 was 4.81%.

Notes to the Financial Statements

30 JUNE 2020

34. 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 2020, other than the amounts owing by one (1) (2019: two (2)) major customers of the Group constituting 13% (2019: 22%) 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 'Maturity analysis' 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.

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

(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 measure expected credit losses which using 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:-

The Group	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2020			
Current (not past due)	4,119	-	4,119
1 to 30 days past due	892	-	892
31 to 60 days past due	552	-	552
61 to 90 days past due	350	-	350
121 to 150 days past due	134	-	134
	6,047	-	6,047

Notes to the Financial Statements
30 JUNE 2020

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

(a) Credit risk (cont'd)

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

Trade Receivables (cont'd)

The Group	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2019			
Current (not past due)	3,224	-	3,224
1 to 30 days past due	185	-	185
31 to 60 past due	9	-	9
	3,418	-	3,418

Other Receivables

The Group applies the 3-stage general approach to measure expected credit losses for other receivables. No expected credit loss is recognised on these balances as it is negligible.

Fixed Deposit 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.

Amount Owing by A Subsidiary

The Company applies the 3-stage general approach to measure expected credit losses for amount owing by a subsidiary. No expected credit loss is recognised on this balance as it is negligible.

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

(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.

Maturity analysis

The following table below sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

The Group	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 year RM'000	1 to 5 years RM'000
2020				
Non-derivative Financial Liabilities				
Trade and other payables	2,484	2,484	2,484	-
Term loan	202	202	202	-
Lease liabilities	1,742	1,874	704	1,170
Total undiscounted financial liabilities	4,428	4,560	3,390	1,170
2019				
Non-derivative Financial Liabilities				
Trade and other payables	2,806	2,806	2,806	-
Term loan	906	906	906	-
Hire purchase payables	908	974	341	633
Total undiscounted financial liabilities	4,620	4,686	4,053	633

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

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

Maturity analysis (cont'd)

The Company	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 year RM'000
2020			
Non-derivative Financial Liabilities			
Other payables	103	103	103
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	1,257	1,257
Total undiscounted financial liabilities	103	1,360	1,360
2019			
Non-derivative 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

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.

(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.

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

(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 ('USD').

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), 12(e) 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:-

		The Group	
		2020	2019
		RM'000	RM'000
		Profit after tax	Profit after tax
USD/RM	- strengthened by 5%	+258	+153
	- weakened by 5%	-258	-153

(e) Equity price risk

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

35. 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 Complaint").

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.

35. MATERIAL LITIGATION (CONT'D)

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 wilfulness 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.

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 Plantiff 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 were 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.

Notes to the Financial Statements
30 JUNE 2020

35. MATERIAL LITIGATION (CONT'D)

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 on 16 July 2019. With this order, the case had now officially come to an end.

On 3 December 2019, the District Judge granted JTI's Motion for pre-judgement and post-judgement interest of USD175,212, equivalent to RM775,786.

The Group had made a provision of the interest as at 30 September 2019 and subsequently the Group made payment in December 2019.

36. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Group. The government and various private corporations have taken different measures to prevent the spread of the virus such as travel bans, quarantines, closures of non-essential services, social distancing and home quarantine requirements which impacted consumers' spending pattern and the Group's operation directly or indirectly. Given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, the Group is unable to quantify the potential impact COVID-19 pandemic on the Group's 2021 financial statements reliably at this juncture.

Notes to the Financial Statements

30 JUNE 2020

37. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 22 July 2020, the Company had incorporated a wholly-owned subsidiary known as JF Testsense Sdn. Bhd. (“JFT”) with an issued and paid-up share capital of RM2 comprising two (2) ordinary shares.

Subsequently, JFT increased its issued and paid-up share capital from two (2) ordinary shares to approximately RM6,000,000 by allotment of 5,999,998 ordinary shares on 7 September 2020. The Company subscribed for the additional equity in JFT to retain its 100% equity interest.

(b) On 11 August 2020, JF International Sdn. Bhd., a wholly-owned subsidiary of the Company, had incorporated a wholly-owned subsidiary known as JFH Technology (Kunshan) Co., Ltd. with a registered capital of USD500,000.

(c) On 2 September 2020, the Company increased its issued and paid-up share capital from approximately RM21,253,000 to approximately RM71,651,000 by issuance of 15,749,900 new ordinary shares at RM3.20 each for a cash consideration of approximately RM50,398,000.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

38. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 retrospectively from 1 July 2019 and has not restated the comparative information as permitted under the specific transition provisions in the standard. The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 ‘Leases’ and IC Interpretation 4 ‘Determining Whether an Arrangement Contains a Lease’. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

At 1 July 2019, for leases that were classified as finance leases, the Group has recognised the carrying amount of the leased assets as the carrying amount of the right-of-use assets and the lease liabilities as at the date of initial application.

As a result, the Group did not make any adjustments to its retained profits upon the transition to MFRS 16 at 1 July 2019 other than the reclassification of certain balances in the Group’s statement of financial position on that date.

Notes to the Financial Statements

30 JUNE 2020

39. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Previously Reported RM'000	As Restated RM'000
The Group		
Consolidated Statements of Financial Position (Extract):-		
Non-current Liabilities		
Borrowings	603	-
Hire purchase payables	-	603
Current Liabilities		
Borrowings	1,211	-
Hire purchase payables	-	305
Term loan	-	906

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 **<u>Bearing postal address:</u>** Lot No. 6, Jalan Teknologi 3/6, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan	2-storey office cum factory/ Corporate Headquarters & factory	99 years Leasehold (86 years)*	2106	13,375	92,783	11	18 September 2007 §

Notes:
* Balance of leasehold tenure
§ Date of acquisition

Analysis of Shareholdings

AS AT 18 SEPTEMBER 2020

Total Number of Issued Shares	:	225,749,585 Ordinary Shares
Class of Shares	:	Ordinary shares
Number of Shareholders	:	2,871
Voting Rights	:	One (1) vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1-99	133	4.63	5,281	0.00
100-1,000	762	26.54	510,245	0.23
1,001-10,000	1,392	48.48	5,987,229	2.65
10,001-100,000	453	15.78	15,635,312	6.93
100,001-11,287,478 (*)	128	4.46	82,273,684	36.44
11,287,479 and above (**)	3	0.11	121,337,834	53.75
Total	**2,871**	**100.00**	**225,749,585**	**100.00**

Remark: * Less than 5% of issued shares
** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

		Direct		Indirect	
No.	Name	No. of Shares	%	No. of Shares	%
1.	Dato' Foong Wei Kuong	104,965,522	46.50	-	-
2.	Datin Wang Mei Ling	22,425,645	9.93	-	-

DIRECTORS' SHAREHOLDINGS

		No. of Shares			
No.	Name	Direct	(%)	Indirect	(%)
1.	Dato' Foong Wei Kuong	104,965,522	46.50	-	-
2.	Datin Wang Mei Ling	22,425,645	9.93	-	-
3.	Datuk Phang Ah Tong	76,666	0.03	-	-
4.	Goh Kok Sing	125,000	0.06	-	-
5.	Dato' Philip Chan Hon Keong	308,333	0.14	-	-
6.	Koay Kah Ee	500,000	0.22	-	-
7.	Lew Jin Aun	1,666,666	0.74	333,333*	0.15

Note:-
* Disclosure pursuant to Section 59 of the Companies Act 2016 in regards to his spouse's shareholdings in the Company.

CHIEF EXECUTIVE'S SHAREHOLDING

		No. of Shares			
No.	Name	Direct	(%)	Indirect	(%)
1.	Dillion A/L Atma Singh	75,500	0.03	-	-

Analysis of Shareholdings

AS AT 18 SEPTEMBER 2020

TOP THIRTY SECURITIES ACCOUNT HOLDERS

No.	Name	Shareholdings	%
1.	Dato' Foong Wei Kuong	82,819,823	36.69
2.	Datin Wang Mei Ling	22,425,645	9.93
3.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – Ambank (M) Berhad for Dato' Foong Wei Kuong (Smart)	16,092,366	7.13
4.	Sim Ah Yoong	7,738,333	3.43
5.	Kok Kean Loon	7,461,366	3.31
6.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Foong Wei Kuong	6,053,333	2.68
7.	Chong Toh Wee	3,821,000	1.69
8.	Universal Trustee (Malaysia) Berhad - TA Dynamic Absolute Mandate	2,918,600	1.29
9.	Amanahraya Trustees Berhad - PMB Shariah Aggressive Fund	2,723,900	1.21
10.	Low Wan Choon	2,294,433	1.02
11.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Credit Suisse (SG BR-TST-ASING)	2,266,500	1.00
12.	Lew Jin Aun	1,666,666	0.74
13.	Oon Soon Keat	1,553,300	0.69
14.	Tam Juat Hong	1,428,800	0.63
15.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Chi Hong (8080970)	1,400,000	0.62
16.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kok Kean Loon	1,309,133	0.58
17.	SRM Integration (Malaysia) Sdn. Bhd.	1,250,500	0.55
18.	Universal Trustee (Malaysia) Berhad - TA Islamic Fund	1,128,733	0.50
19.	TASEC Nominees (Tempatan) Sdn. Bhd. Exempt An for TA Investment Management Berhad (Clients)	1,125,834	0.50
20.	Maybank Nominees (Tempatan) Sdn. Bhd. - Lim Yoke Cho	1,027,966	0.46
21.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chai Lee Lee (MY2254)	1,000,000	0.44
22.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Hiew Kem Chon (PCS)	950,900	0.42
23.	T.O.Lim Holdings Sdn. Bhd.	946,000	0.42
24.	Chok Kwok Zhi	891,833	0.40
25.	Chow Hong Lit	880,000	0.39
26.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Kok Weng (MY2166)	830,000	0.37
27.	Sureshraj A/L Krishnan	820,000	0.36
28.	Affin Hwang Nominees (Asing) Sdn. Bhd. Exempt An for DBS Vickers Securities (Singapore) Pte. Ltd. (Clients)	744,533	0.33
29.	Hor Lee Chen	742,000	0.33
30.	I.S.E.T Engineering Sdn. Bhd.	700,000	0.31

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company shall be held at Green 3, Golf Wing, Tropicana Golf & Country Resort Berhad, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 3 December 2020 at 9:00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and the Auditors thereon. **(Please refer Note 1)**

2. To approve the payment of Directors' fees amounting to RM124,800.00 for the financial year ended 30 June 2020. **Resolution 1**

3. To approve an amount of up to RM30,000.00 as benefits payable to the Non-Executive Directors from 4 December 2020 until the next Annual General Meeting of the Company to be held in 2021. **Resolution 2**

4. To re-elect the following Directors who shall retire pursuant to Clause 117 of the Company's Constitution and being eligible, have offered themselves for re-election:

   (a) Dato' Foong Wei Kuong **Resolution 3**

   (b) Dato' Philip Chan Hon Keong **Resolution 4**

5. To re-appoint Messrs. 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. **Resolution 5**

6. **As Special Business:**

   To consider and, if thought fit, with or without any modifications, to pass the following resolutions as ordinary resolutions:

   (a) ORDINARY RESOLUTION NO. 1 **Resolution 6**

   - AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

   "THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") and any other relevant governmental and/or regulatory authorities, 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 twenty per centum (20%) of the total number of issued shares of the Company for the time being as empowered by Bursa Malaysia Securities pursuant to Bursa Malaysia Berhad's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers; AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities; AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Notice of Annual General Meeting

6. **As Special Business: (cont'd)**

(b) ORDINARY RESOLUTION NO. 2 **Resolution 7**

- RETENTION OF MR. LEW JIN AUN AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"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 a cumulative term of more than nine (9) years in accordance with the Malaysian Code on Corporate Governance."

(c) ORDINARY RESOLUTION NO. 3 **Resolution 8**

- RETENTION OF DATO' PHILIP CHAN HON KEONG AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT subject to the passing of Resolution 4, 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 a cumulative term of more than twelve (12) years in accordance with the Malaysian Code on Corporate Governance."

(d) ORDINARY RESOLUTION NO. 4 **Resolution 9**

- RETENTION OF MR. KOAY KAH EE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"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 a cumulative term of more than twelve (12) years in accordance with the Malaysian Code on Corporate Governance."

7. To transact any other ordinary business for which due notice have been given.

By Order of the Board

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
CHIN MUN YEE (SSM PC NO. 201908002785) (MAICSA 7019243)
Company Secretaries

Kuala Lumpur
15 October 2020

Notice of Annual General Meeting

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. In determining the estimated total Directors' benefits, the size of the Board of Directors ("Board") and Board Committees and the number of meetings estimated to be held were taken into consideration.

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 and empowering the Directors of the Company, pursuant to the Act, to issue and allot new shares in the Company from time to time ("General Mandate") provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed twenty per centum (20%) 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 a general meeting, will expire at the conclusion of the next Annual General Meeting ("AGM') of the Company.

As at the date of this Notice, the Company had issued 15,749,900 new ordinary shares at RM3.20 per share, representing 7.5% of the total number of issued shares of the Company pursuant to the mandate granted to the Directors at the Thirteenth AGM held on 5 December 2019 ("Private Placement"). Details of the total proceeds raised from the Private Placement and utilisation are disclosed under Additional Compliance Information of the Annual Report.

As part of the initiative from Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Malaysia Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Government, Bursa Malaysia Securities had vide Bursa Malaysia Berhad's letter dated 16 April 2020 granted several additional relief measures to listed corporations, amongst others, listed corporations are allowed to seek a higher general mandate under Rule 6.04 of Bursa Malaysia Securities ACE Market Listing Requirements ("ACE LR") of not more than 20% of the total number of issued shares (excluding treasury shares) for issue of new securities ("20% General Mandate").

This 20% General Mandate may be utilised by listed corporations to issue new securities until 31 December 2021 and thereafter, the 10% general mandate will be reinstated.

After having considered all aspects of the 20% General Mandate, the Board is of the opinion that the seeking of the 20% General Mandate would be in the best interests of the Company and its shareholders, on the following basis:

- the 20% General Mandate would provide the Company and its subsidiaries with financial flexibility to raise capital expeditiously for its operations, future expansion and business development;
- the 20% General Mandate would allow the Company to raise equity capital promptly rather than the more costly and time-consuming process by obtaining shareholders' approval in a general meeting should the need for capital arise;
- other financing alternatives such as debt financing may incur interest burden to the Company and its subsidiaries; and
- the 20% General Mandate provides the Company with the capability to capture any capital raising and/or prospective investment opportunities when they are identified.

Notice of Annual General Meeting

Explanatory Notes: (cont'd)

3) Retention as Independent Non-Executive Directors ("Independent 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 Mr. Lew Jin Aun ("Mr. Lew") as an Independent Director of the Company.

Mr. Lew was appointed as an Independent Director of the Company on 2 January 2009, and has, therefore served as Independent Director for a cumulative term of more than nine (9) years as at the date of this Notice. The Nomination Committee of the Company has assessed the independence of all Independent Directors including Mr. Lew and recommended to retain him as an Independent Director of the Company. The Board endorsed the Nomination Committee's recommendation and is of the view that his retention as Independent Director of the Company is in the best interest of the Company.

b) The proposed adoption of the Ordinary Resolution No. 3 is to retain Dato' Philip Chan Hon Keong ("Dato' Philip") as an Independent Director of the Company.

Dato' Philip was appointed as an Independent Director of the Company on 18 January 2008, and has, therefore served as Independent Director for a cumulative term of more than twelve (12) years as at the date of this Notice. The Nomination Committee of the Company has assessed the independence of all Independent Directors including Dato' Philip and recommended to retain him as an Independent Director of the Company. The Board endorsed the Nomination Committee's recommendation and is of the view that his retention as Independent Director of the Company is in the best interest of the Company.

c) The proposed adoption of the Ordinary Resolution No. 4 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 Director of the Company on 18 January 2008, and has, therefore served as Independent Director for a cumulative term of more than twelve (12) years as at the date of this Notice. The Nomination Committee of the Company has assessed the independence of all Independent Directors including Mr. Koay and recommended to retain him as an Independent Director of the Company. The Board endorsed the Nomination Committee's recommendation and is of the view that his retention as Independent Director of the Company is in the best interest of the Company.

Notes:

1. The Agenda item No. 1 is meant for discussion only. The provisions 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 2020. 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 26 November 2020 (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, participate, speak and vote in his stead. Where the member appoints two (2) proxies in relation to a Meeting, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

4. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to attend, participate, speak and vote at the Meeting.

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.

Notice of Annual General Meeting

Notes: (cont'd)

6. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, under its common seal or under the hand of an officer or attorney duly authorised.

7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notary certified copy of that power or authority, 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.

Public Health Preventive Measures

a) In light of the recent COVID-19 outbreak pandemic, we would appreciate the attendees take all necessary precautions and preventive as directed by our Ministry of Health Malaysia before attending the Meeting.

b) If you are unwell with sore throat, fever, cough, loss of smell/taste or breathing difficulty, your attendance in person at the Meeting will be denied. You are hereby strongly advised and encouraged to submit your Form of Proxy prior to the Fourteenth AGM of the Company.

c) To safeguard the health and safety of shareholders, proxies and invited guests who may be attending the Fourteenth AGM in person, the Company will also implement the following precautionary measures for the Fourteenth AGM:

   - attendees will have to go through a compulsory body temperature screening and will be required to provide his/her health declaration during the registration process, specifically to facilitate the Company in preventing any potential spread of COVID-19;
   - attendees with a body temperature of above 37.5°C or experiencing any symptoms of being unwell as stated above, will be prohibited from entering the Meeting Room and are highly encouraged to proceed with medical screening immediately; and
   - the attendees who have a travel history to certain countries/regions in the specified period preceding the Fourteenth AGM, as announced by the Ministry of Health, must not attend the Fourteenth AGM in person, and instead are strongly encouraged to appoint Chairman of the Meeting as their proxy to attend and vote on their behalf.

d) The attendees are strongly advised:

   - to wear face mask before attending and throughout the Meeting; and
   - to maintain a good personal hygiene and use hand sanitiser whenever required.

e) You may consider appointing Chairman of the Meeting as your proxy to attend and vote on your behalf at the forthcoming Fourteenth AGM of the Company.

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JFTECH

JF TECHNOLOGY BERHAD
[Registration No. 200601027925 (747681-H)]

Form of Proxy

No. of shares held	CDS Account No.
Telephone No.	**Email address**

*I/We ______________________ (NRIC/Passport No./Company No. ______________________

of ______________________

being a *member/members of JF TECHNOLOGY BERHAD, hereby appoint

(1) Name of Proxy : .... NRIC/Passpost No. : ....
Address : ....
Email Address : .... Tel No. : ....

(2) Name of Proxy : .... NRIC/Passpost No. : ....
Address : ....
Email Address : .... Tel No. : ....

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 Fourteenth Annual General Meeting of the Company, to be held at Greens 3, Golf Wing, Tropicana Golf & Country Resort Berhad, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 3 December 2020 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 cast. In the absence of specific directions, your proxy will vote or abstain at his/her discretion.

1.	To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and the Auditors thereon.		
No.	**Resolutions**	**For**	**Against**
2.	To approve the payment of Directors' fees amounting to RM124,800.00 for the financial year ended 30 June 2020. **(Resolution 1)**		
3.	To approve an amount of up to RM30,000.00 as benefits payable to the Non-Executive Directors from 4 December 2020 until the next Annual General Meeting of the Company to be held in 2021. **(Resolution 2)**		
4(a).	To re-elect Dato' Foong Wei Kuong, who shall retire pursuant to Clause 117 of the Company's Constitution and being eligible, has offered himself for re-election. **(Resolution 3)**		
4(b).	To re-elect Dato' Philip Chan Hon Keong, who shall retire pursuant to Clause 117 of the Company's Constitution and being eligible, has offered himself for re-election. (**Resolution 4)**		
5.	To re-appoint Messrs. 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. **(Resolution 5)**		
	As Special Business:		
6(a).	Authority to issue shares pursuant to the Companies Act 2016. **(Resolution 6)**		
6(b).	Retention of Mr. Lew Jin Aun as an Independent Non-Executive Director. **(Resolution 7)**		
6(c).	Retention of Dato' Philip Chan Hon Keong as an Independent Non-Executive Director. **(Resolution 8)**		
6(d).	Retention of Mr. Koay Kah Ee as an Independent Non-Executive Director. **(Resolution 9)**		

Dated this __________ day of __________________ 2020

____
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		
Total		**100**

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Notes:

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AFFIX
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The Company Secretaries

JF TECHNOLOGY BERHAD
[Registration No. 200601027925 (747681-H)]

Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

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JF TECHNOLOGY BERHAD
Registration No. 200601027925 (747681-H)

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