

# **JASA KITA BERHAD**

(Company No. 239256-M) (Incorporated in Malaysia)

**Summary of key matters discussed at the 24<sup>th</sup> Annual General Meeting of the Company held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Thursday, 29 September 2016 at 10.00 a.m.**

## **OPENING**

Meeting started at 10.00 a.m. with a welcome address from the Chairman. The Chairman explained the meeting and polling procedures.

## **AGENDA ITEM 1**

### **AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

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This item is meant for discussion only, and is not a business which requires a resolution to be put forward for voting by the shareholders.

The audited financial statements of the Group and the Company for the financial year ended 31 March 2016, together with the Reports of the Directors and Auditors thereon, were received and noted by the members/proxies present.

The key questions raised by members/proxy and the corresponding answers by the Directors and the Advisor of the Company on this item are as follows :-

#### **Question 1**

The Board was asked about the strategic plans of the Group for the next 3 to 5 years in view of the challenging economy.

#### **Answer 1**

The Board commented that the business of the Group was expected to be challenging in view of the anticipated slow-down in the economy and the continued weakening of the local currency. The weakening of Ringgit against US Dollars had resulted in a marked increase in the cost of goods. Sales of electric power tools had dropped significantly from RM50 million to RM28 million, a drop of 43% from last year due to Makita (“the Principal”) having appointed additional distributors which resulted in competition with each other on the same turf. Competitors were eager to deplete their stocks for cash in view of uncertainty in pricing due to appointment of additional parallel distributors by the Principal. Various steps had been taken to improve the future performance and generate sales for the Power Tools division, amongst others, as follows :-

- a) Appointment of a new distributorship agency by Chervon (China) Tools Sales Co. Ltd, one of the top manufacturers in China, with introduction of Devon brand of power tools which was launched in July 2016. Noted that the sales of Devon brand had generated sales of about RM300,000 for the months of July/August 2016; and
- b) Formed a new division - “Battery division” under Jasa Kita Trading Sdn Bhd (“JKT”) to diversify into battery trading business.

**Question 2**

Referring to page 34 of the Annual Report, whether the profit of RM637,108 registered at the Company level and loss of RM705,660 registered at the Group level for FY2016 were overstated or understated in the financial statements.

**Answer 2**

The Board explained that the financial statements of the Company and the Group had been prepared in accordance with the Malaysian Financial Reporting Standards, as such the aforesaid results for FY2016 were neither understated nor overstated, but fairly stated by the External Auditors of the Company.

**Question 3**

The Board was asked about the future plan of the Group in view of the loss position of the Group since last year and whether the new Devon brand would compensate the loss suffered by the Group.

**Answer 3**

The Board explained that the Group had the exclusive distribution right for the Devon brand in Malaysia. The Group had implemented various marketing strategies in order to increase sales especially the marketing networking and coverage. The Group had focused on marketing and distribution management, strengthened the marketing team and developed more in-depth marketing strategies to reach the end users. The Company had also penetrated further into the retailers market with the opening of more accounts.

The Board explained that the appointment of more distributors for the Makita tools by the Principal in line with a changing trend. The Makita Principal had formed its own company, Makita Malaysia, to manage the distribution of its own products in Malaysia.

**Question 4**

On the new batteries division and its expected sales.

**Answer 4**

The Board commented that JKT had been appointed as one of the GPA's distributor to distribute GP batteries with a targeted sales of RM5.0 million. However, in view of the current economic slow down, it would be challenging to meet the targeted sales.

**Question 5**

On the rationale for additional investment in subsidiary of RM7.950 million as stated in page 62 of the Annual Report.

**Answer 5**

The Advisor explained that the additional investment in subsidiary was in relation to a restructuring of inter-company debt. There was an outstanding sum due from Jasa Kita Engineering Sdn Bhd ("JKE"), a wholly owned subsidiary of the Company to the Company of RM7.95 million. For purposes of settling the aforesaid amount, JKE had transferred its preference shares held in Purton Engineering (M) Sdn Bhd to the Company.

**Question 6**

On the details of Goods and Services tax (“GST”) receivables for RM302,787 as stated in page 66 of the Annual Report.

**Answer 6**

The Board explained that the aforesaid GST receivables was in respect of GST input tax claimable against any GST output tax payable for the period.

**Question 7**

On the advantage of investment in quoted unit trusts in Malaysia with a fund management company of RM5,220,101 under Note 17- Investments securities as stated in page 66 of the Annual Report.

**Answer 7**

The Board explained that the aforesaid investment in quoted unit trusts was in relation to a short-term investment in Maybank Institutional Money Market Fund. As the investment was tax free, hence it gave better return to the Company.

**Question 8**

On the rationale for the restatement of the Group’s administrative expenses to RM439,428 compared with RM11,011,428 as previously reported, in page 79 of the Annual Report.

**Answer 8**

The Board explained that the restated Group’s administrative expenses was a matter of re-classification between administrative expenses and other operating expenses as the External Auditors were of the view that the nature of expenses could be reflected more fairly after the reclassification. Noted that the Group’s other operating expenses had been likewise restated to RM12,112,132 compared with the RM1,985,321 as previously reported.

**Question 9**

On whether the Board would consider declaring a special dividend in view of the healthy cash and bank balances of the Group as at 31 March 2016.

**Answer 9**

While noting that there had been an increase in the cash and bank balances arising from lower working capital requirements as a result of a drop in revenue, the Board was mindful of any increase in such requirements for future growth and other distributorships.

**Question 10**

On the outlook of the Group for the next 5 years in terms of economic perspective and industries perspective.

**Answer 10**

The Board commented that as mentioned earlier, various steps had been taken by the Company, including looking for new business opportunities in other industries in the near future, in order to enhance the business of the Group.

**Question 11**

On whether the Company was the manufacturer/agency/distributors of all its products.

The Board responded that the Company had been a manufacturer of electric motors and had assembled electric hand tools before. However, due to the Malaysian market size and stiff competition from other countries such as China, Korea and Japan, the Group has since focus on the distribution and trading business only.

**AGENDA ITEM 2**

**ORDINARY RESOLUTION 1**

- **PAYMENT OF FIRST AND FINAL SINGLE-TIER TAX-EXEMPT DIVIDEND OF 3% PER ORDINARY SHARE OF RM0.10 EACH IN RESPECT OF THE FINANCIAL YEAR ENDED 31 MARCH 2016**
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No question was raised by members/proxies on this item.

**AGENDA ITEM 3**

**ORDINARY RESOLUTION 2**

- **PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**
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No question was raised by members/proxies on this item.

**AGENDA ITEM 4**

**RE-ELECTION OF DIRECTORS RETIRING IN ACCORDANCE WITH ARTICLE 83 OF THE COMPANY'S ARTICLES OF ASSOCIATION :-**

- **ORDINARY RESOLUTION 3(a)**
    - **RE-ELECTION OF DATO' SRI TAN HAN CHUAN**
  - **ORDINARY RESOLUTION 3(b)**
    - **RE-ELECTION OF EN MINHAT BIN MION**
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No question was raised by members/proxies on this item.

**AGENDA ITEM 5**

**RE-APPOINTMENT OF DIRECTORS PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965 :-**

- **ORDINARY RESOLUTION 4(a)**
    - **RE-APPOINTMENT OF TAN SRI DATO' TAN HUA CHOON**
  - **ORDINARY RESOLUTION 4(b)**
    - **RE-APPOINTMENT OF MAJ GEN DATO' OSMAN BIN MOHD ZAIN (RTD)**
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No question was raised by members/proxies on this item.

**AGENDA ITEM 6**  
**ORDINARY RESOLUTION 5**  
**- RE-APPOINTMENT OF MESSRS PKF AS AUDITORS OF THE COMPANY**

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No question was raised by members/proxies on this item.

**AGENDA ITEM 7**  
**ORDINARY RESOLUTION 6**  
**- PROPOSED RETENTION OF MAJ GEN DATO' OSMAN BIN MOHD ZAIN (RTD)**  
**AS INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY**

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No question was raised by members/proxies on this item.

**POLL RESULTS**

All resolutions tabled at the Meeting were carried