

JASA KITA BERHAD

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

Summary of key matters discussed at the 27th 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 on Wednesday, 25 September 2019 at 10.30 a.m.

OPENING

Meeting started at 10.30 a.m. with a welcome address from the Chairman of the Meeting, who explained the meeting and polling procedures.

PRESENTATION OF MSWG QUESTIONS AND ANSWERS

Before tabling the resolutions in the Notice of Meeting, the Chairman informed the members/proxies present that the Company had on 18 September 2019 received a letter from the Minority Shareholders Watch Group (“MSWG”) who raised some questions on strategic and financial matters, and corporate governance matters, and MSWG had requested for the same to be read out at the meeting. Mr Woo Hin Weng, the Non-Executive of the Company, then presented to the members/proxies the responses from the Board in relation thereto. A copy of the response letter to MSWG is given herewith as Appendix A.

AGENDA ITEM 1

AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

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

The audited financial statements of the Group and the Company for the financial year ended 31 March 2019, together with the Reports of the Directors and Auditors thereon, were received and noted by the members/proxies present. No question was raised by members/proxies on this item.

AGENDA ITEM 2

ORDINARY RESOLUTION 1

- PAYMENT OF DIRECTORS' FEES OF UP TO RM42,000 FROM 1 OCTOBER 2019 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY

There was no question raised on this item.

AGENDA ITEM 3

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

- **ORDINARY RESOLUTION 2**
 - **RE-ELECTION OF TAN SRI DATO' TAN HUA CHOON**
 - **ORDINARY RESOLUTION 3**
 - **RE-ELECTION OF DATO' SRI TAN HAN CHUAN**
 - **ORDINARY RESOLUTION 4**
 - **RE-ELECTION OF EN MINHAT BIN MION**
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There were no questions raised on these items.

AGENDA ITEM 4
ORDINARY RESOLUTION 5
- RE-APPOINTMENT OF MESSRS PKF AS AUDITORS OF THE COMPANY

There was no question raised on this item.

AGENDA ITEM 5
ORDINARY RESOLUTION 6
- PROPOSED RETENTION OF MAJ GEN DATO' OSMAN BIN MOHD ZAIN (RTD) AS INDEPENDENT NON-EXECUTIVE DIRECTOR

There was no question raised on this item.

AGENDA ITEM 6
ORDINARY RESOLUTION 7
- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

The Chairman informed the members/proxies present that details pertaining to the Proposed Renewal of Shareholders' Mandate were given in the Circular to Shareholders dated 31 July 2019 ("the Circular"), which had been despatched together with the 2019 Annual Report on the same day.

The Chairman explained that the Proposed Renewal of Shareholders' Mandate, if approved, would renew the mandate to enable the Company and/or its subsidiaries to enter into recurrent related party transactions ("RRPT") of a revenue or trading nature with Related Parties which were necessary for the day-to-day operations of the Group provided that the transactions were in the ordinary course of business and carried out on arm's length basis, on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public, and were not detrimental to the minority shareholders of the Company.

It was noted that the Proposed Renewal of Shareholders' Mandate, subject to annual review, would enhance the ability of the Group to pursue business opportunities which were time-sensitive in nature and eliminate the need for the Company to announce and convene separate general meetings on each occasion to seek prior approval of the shareholders of the Company for the RRPT. This would substantially reduce the expenses associated with convening general meetings on an ad hoc basis, improve administrative efficiency considerably and allow resources and time to be channeled towards attaining corporate objectives.

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

AGENDA ITEM 7

SPECIAL RESOLUTION 1

- PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY

The Chairman informed the members/proxies present that details pertaining to the Proposed Adoption of a new Constitution of the Company were given in the Circular, which had been despatched together with the 2019 Annual Report on the same day.

The Chairman explained that the Proposed Adoption of New Constitution was undertaken primarily to streamline the Company's Memorandum and Articles of Association with the new provisions of the Companies Act 2016 which came into effect on 31 January 2017, the amended provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the prevailing statutory and regulatory requirements applicable to the Company as well as to provide clarity to certain provisions therein so as to further enhance administrative efficiency. In view of the numerous changes required to be made to the existing Memorandum and Articles of Association of the Company, the Board had proposed that the proposed new Constitution, in the form and content set out in the Appendix II of the Circular, be adopted as the Constitution of the Company in substitution of the existing Memorandum and Articles of Association.

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

POLL RESULTS

All resolutions tabled at the Meeting were carried.



Jasa Kita Berhad (239256-M)

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23 September 2019

**BADAN PENGAWAS PEMEGANG SAHAM
MINORITI BERHAD**

Tingkat 11, Bangunan KWSP
No. 3, Changkat Raja Chulan
Off Jalan Raja Chulan, 50200 Kuala Lumpur

Attention : Mr Devanesan Evanson, Chief Executive Officer

Dear Sir,

**27TH ANNUAL GENERAL MEETING ("AGM") OF JASA KITA BERHAD ("JKB"
OR "COMPANY") TO BE HELD ON WEDNESDAY, 25 SEPTEMBER 2019**

We refer to your letter to the Board of Directors of JKB dated 17 September 2019 pertaining to the above subject matter.

We append below our replies to your letter :-

Strategy/Financial Matters

MSWG Q1 Market fragmentation and competition continued to take a toll on Group revenue in FY2019 (MD&A AR2019 page 9) resulting in lower sales of electric power tools, electric motors and warehousing services. What is the financial outcome thus far on the Company's response strategy, such as, focusing on more saleable brands and new channels of distribution on the power tools and electric motors segments and also, the relocation of its warehouse facility in the logistics segment ?

Reply : **The current slow-down in infrastructure projects and property development sectors in the country have invariably affected the construction and renovation industries which in turn have adverse impact on demand for power tools, hand tools and electric motors, products which the Group distributes. The continued shrinking market demand has intensified competition resulting in lower revenue and margins for all players in the market. The rising cost of living has affected consumer sentiments and the retail industry and this has affected the warehousing business.**

While the Company has taken several strategic measures in response to the above, these measures have yet to yield the desired financial outcome as the continued drop in overall market demand industry wide has out-weighted these efforts. The Board will continuously monitor and modify its strategies to ensure that the desired financial outcome can be achieved in a relatively reasonable period of time and ensuring our scarce resources are not depleted unnecessarily and will continue to discharge our duties and act in the best interest of all the shareholders and stakeholders.

MSWG Q2 Higher losses were attributed to higher amount of inventories written-down of RM5.8 million in FY2019 vs RM0.4 million in FY2018 (AR2019 Statements of Cash Flows page 53) and start-up expenses in relation to the Company's new venture into automotive batteries. Please provide :-

MSWG Q2(a) the reasons for the inventory write-down. Does the Board anticipate further significant write-down in FY2020.

Reply : **The reasons for the higher inventory write down in FY2019 was due to prudent impairment policy adopted and is also attributed to changes to our product portfolio and streamlining of our business strategies. The Board does not anticipate further significant write-down in FY2020.**

MSWG Q2(b) details of additional capex, if any, to be incurred by the new automotive batteries business in the next two years. When does the Board anticipate this business to break-even?

Reply : **We do not anticipate any significant additional capex to be incurred by this new automotive batteries business in the next two years other than the opening of new suitable GP outlets ("GPO") at strategic locations for better and wider market coverage and closing those that are non-performing to steer our Group back into positive results in the medium term.**

MSWG Q3 Staff costs increased by 35% from RM6.4 million in FY2018 to RM7.99 million in FY2019 compared to a 5% increase in FY2018 (AR2019 Note 5 page 84). What is the reason for the increase? Why has the directors' remuneration declined from RM1.29 million in FY2018 to RM0.4 million in FY2019?

Reply : **The reason for the increase in staff cost was due to the recruitment of additional workforce required for the new GPOs opened during the year for better and wider market coverage.**

As for the reduction in directors' remuneration, the executive board members have demonstrated their full responsibilities and commitments by making the first move to reduce their remuneration in line with the cost rationalisation programme adopted across the Group.

MSWG Q4 What do the deposit forfeited of RM50,460 and bad debts written off of RM532,362 (AR2019 Statements of Cash Flows page 53) pertain to?

Reply : **The deposit forfeited is in respect of early termination of leases for those non-performing GPOs whereas the bad debts, despite our stringent credit control policies adopted and enforced, arose from a debtor from the hand tools division in which all legal avenue has been exhausted and two (2) debtors from the electric motors division which has ceased operations.**

Corporate Governance Matters

MSWG Q1 Guidance to MCCG 2017 Practice 6.2 advocates that the Remuneration Committee (RC) comprises mainly non-executive directors with a majority being Independent Directors. As such, Tan Sri Dato' Tan Hua Choon who is the Executive Chairman being also a member of the RC does not align with Practice 6.2. Please address this.

Reply : **We have noted your concern, which will be brought to the Board's attention.**

We trust the above explanations have clarified your concerns.

Please let us know should you require further clarifications.

Thank you.

Yours faithfully,
JASA KITA BERHAD


ONG BING YAP
Executive Director