

JASA KITA BERHAD

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

Summary of key matters discussed at the Extraordinary 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 Tuesday, 3 July 2018 at 11.00 a.m.

OPENING

Meeting started at 11.00 a.m. with a welcome address from the Chairman of the Meeting, who explained the meeting and polling procedures.

AGENDA

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT")

Referring to the Circular to Shareholders dated 12 June 2018 ("the Circular"), the Chairman explained that the rationale for the Proposed New Shareholders' Mandate for RRPT was to enhance the ability of the Group to pursue business opportunities which are time-sensitive in nature and will 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 will 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 channelled towards attaining corporate objectives.

The Chairman further explained that the RRPT were in the ordinary course of business of the Group and were undertaken at arm's length basis on normal commercial terms and on terms not more favourable to the Related Parties (GPA Holdings Berhad Group) than those generally available to public. The RRPT were intended to meet the business needs of the Group at the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background, financial well being and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have a good understanding of each other's business needs and expectations thus providing a platform where all parties can benefit from conducting the RRPT.

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

Question 1

The Board was asked about the necessity to hold an Extraordinary General Meeting ("EGM") for the Proposed New Shareholders Mandate, as it would equate to extra expenditure for the Company.

Answer 1

The Board referred to the Bursa Malaysia Securities Berhad's Listing Requirements ("Bursa's LR") on :-

- Paragraph 10.09 and Practice Note 12 of the Bursa's LR that the Company must make an immediate announcement of a RRPT where the consideration involved is RM1.0 million or more, or the % ratio of aggregate value of such RRPT against the Group's audited net assets is 1% or more ("1% Prescribed Limit"), whichever is the lower.

- Paragraph 10.08 of the Bursa's LR provides for a listed company whose RRPT % ratio of aggregate value against the Group's audited net assets is 5% or more (the "5% Prescribed Limit"), the Company must obtain the shareholders' approval in a general meeting.

The Board explained that as the RRPT between Jasa Kita Berhad Group and GPA Holdings Berhad ("GPA") Group were expected to hit the 5% Prescribed limit in the next one to two months, hence the EGM had to be held for the purpose of obtaining a mandate before it triggers the 5% Prescribed Limit. In addition, by obtaining the shareholders' mandate, it would avoid the Company from having to make continuous immediate announcements to Bursa on the RRPT since it has already exceeded the 1% Prescribed Limit.

Question 2

The Board was asked about the need for the RRPT and the payment of royalty fee by Jasa Kita Auto Sdn Bhd ("JKA"), a wholly-owned subsidiary of the Company, to GP Autobot Sdn Bhd ("GP Autobot"), a wholly-owned subsidiary of GPA, in terms of its rationale, quantum, reasonableness, as stated in section 2.6 of the Circular.

Answer 2

The Advisor briefed about the background, mechanics and benefits of the RRPT transactions and how they relate to the payment of royalty fee. Dato' Thor spoke on the effects of the slowing economy and fierce market competition on the Group's existing business. Against the prevailing difficult trading environment of high product costs and reduced margins, such challenging conditions were expected to continue exerting pressure on the Group's turnover and profitability. To counter these, the Group had taken various measures, including the carrying and promotion of other brands of related products as well as establishment of a new business division involved in the distribution of batteries for the automotive industry.

The automotive battery division was established by the Group in June 2016, selling exclusively GP batteries and focusing on retailers such as automotive repair shops, tyre shops, mechanic/workshops, second-hand car dealers, etc, and had shown improvement in sales since its inception. Operating results had however been affected by higher expenditures incurred along with the opening of many new battery marketing outlets.

JKA and GP Autobot have a Distributorship Agreement for appointment of JKA as one of GP Autobot's authorised distributors to distribute batteries under GP brand and JKA is allowed to order the batteries directly from GP Autobot's manufacturers with a payment of a royalty in the amount of 5% of the total gross value of batteries ordered.

In terms of price determination for RRPT, the Advisor explained that the Company had established procedures in that regard, which had been reviewed by the Audit Committee and approved by the Board, to ensure that the RRPT were undertaken at prices on an arm's length basis and on normal commercial terms that were consistent with the Group's usual business practices and policies, which were not on terms that are more favourable to the Related Parties than those extended to the public, and not to the detriment of the Company's minority shareholders.

Question 3

On the impact for GPA Group should the sales of automotive batteries by JKB Group over grew that of the GPA Group.

Answer 3

The Advisor explained that any potential growth of JKA's batteries sales would not have significant impact on the GPA Group as both companies have different distribution channels. JKA adopted the direct to retailers distribution strategy which, amongst others, include marketing its products directly to automotive accessory shops, tyre shops, mechanic/workshop, used-car dealers etc; while the GPA Group, since its cessation of manufacturing in 2016, had focused its business in distribution and trading of automotive batteries by outsourcing the manufacturing of batteries to various manufacturers and selling directly to distributors. This was a win-win situation as it provided wider marketing coverage for batteries business.

Question 4

On JKA's automotive batteries sales contribution to the JKB Group.

Answer 4

The Board replied that JKA's sales contribution from automotive batteries would surpass that from the sales of hand tools and electric hand tools, in view of large market size of automotive vehicles in the country. In addition, with the implementation of distribution channel through the GP Outlets, without the "middle man", JKA had generated higher margin, which would eventually contribute positively to the Group.

Question 5

On selling of automotive batteries through internet "e-business".

Answer 5

The Board informed that apart from promoting or selling the batteries through e-business, using coupon through the appointed POS was another route taken, where JKA works with all the POS to market the products and service via coupon system. As of now, more than 1,000 POS had been appointed by JKA.

Question 6

On whether there was a check and balance on the RRPT as all the RRPT were reviewed and authorized by any one of the Executive Directors of the Company, as stated under section 2.8(ii) of the Circular.

Answer 6

The Advisor explained that all the RRPT were reviewed by the Audit Committee on quarterly basis to ensure that the RRPT were fair and reasonable and were undertaken at arm's length basis, on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to public.

Question 7

On the forecast for JKA's revenue and profit contributions to the Group for the next two to three years.

Answer 7

The Board replied that JKA's marketing strategy was to expand its business operation through the opening of GP Outlets ("GPO") to improve its services to customers. As at todate, 18 GPO had been opened in major towns of Peninsular Malaysia, with monthly revenue of about RM15,000 per outlet.

Various initiatives had been implemented by the Group. Apart from providing better support to the retailers in terms of pricing competitiveness and logistics, pre-posts-sales services to customers had been enhanced, along with marketing and promoting its products through electronic means and various online shopping platforms. The JKA division was expected to breakeven in the 2019 financial year, despite incurring loss for the financial year 2018, due to higher start up operating expenses incurred.

Question 8

On the transfer pricing implementation and documentation for RRPT.

Answer 8

The Advisor informed that the Management always ensured that the implementation of transfer pricing was at arm' length basis and not favourable to the Related Parties. All documentation for transfer pricing were properly kept by the Group.

POLL RESULT

The resolution tabled at the Meeting was carried.