

JCY INTERNATIONAL BERHAD

(Company No. 713422-X)
(Incorporated in Malaysia)

SUMMARY OF MINUTES OF THE ELEVENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT EMERALD 3 – LEVEL 3, GRAND PARAGON HOTEL, 18 JALAN HARIMAU, TAMAN CENTURY, 80250 JOHOR BAHRU, JOHOR, MALAYSIA ON TUESDAY, 21 FEBRUARY 2017 AT 10:30 A.M.

PRESENT

Directors :

- Dr. Rozali Bin Mohamed Ali
(Chairman and Independent Non-Executive Director)
- Mr. Chan Boon Hui
(Senior Independent Non-Executive Director)
- Mr. Chang Wei Ming
(Independent Non-Executive Director)
- Dato' Wong King Kheng
(Executive Director, Finance)
- Mr. Goh Chye Kang
(Executive Director, Operations)
- Dato' Tan Shih Leng
(Executive Director, Strategic Accounts)
- Mr. Lim Ching Tee Peter
(Executive Director, Corporate and Strategic Planning)

Company Secretary : Ms. Lynda Pan Seng Wee

Total number of shareholders present	:	20 shareholders
Total number of proxy present	:	36 proxies
Total number of Corporate Representative present	:	1 Corporate Representative

A. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

The Shareholders received the Audited Financial Statements for the financial year ended 30 September 2016 together with the Reports of the Directors and the Auditors thereon.

B. COMPANY'S REPLY TO THE LETTER FROM MINORITY SHAREHOLDERS WATCHDOG GROUP DATED 21 FEBRUARY 2017

1. *The Group recorded revenue of RM1.7 billion and loss before tax of RM6.9 million in Financial Year ("FY") 2016 compared to a revenue of RM1.9 billion and profit before tax of RM207 million in the previous financial year.*

With the current challenging market conditions, what are the measures taken and/or to be taken to sustain the Group's revenue?

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Reply: The Company main focus continues to be to strengthen its competitiveness and to be best-in-class in the hard disk drive ("HDD") components businesses. The Company strives to outperform its competitors to improve its market share.

Nonetheless, the Group does not rule out the possibility of opportunities for acquisition and merger or diversification of the Group's business in other related areas.

2. *On pages 97-98 of the Annual Report 2016, it was stated that the Revenue from Sales to external customers under 'Others' has declined from RM14 million FY2015 to RM25,000 in FY2016.*

What was the reason for the significant decline in revenue?

Reply: In the middle of the FY 2015, the Group's businesses underwent an internal restructuring, as a result of which most of the revenues that were previously generated through a subsidiary of the Company situated in the 'Others' segment were instead recorded under the 'Malaysia' segment. JCY would like to highlight that this re-categorisation had no impact on the Group's revenue as a whole.

3. In the Chairman's Statement, we noted that the Company has taken steps to rationalise its product range, with the cessation of the manufacture of Top Covers.

What was the reason for the cessation?

Reply: The Company has rationalised the Group's product range, to focus its resources on the core businesses that would bring better value to the Group.

4. The Company has spent RM67 million on automation initiatives and upgrades or replacements of existing facilities to improve operational efficiency.

Would there be any further costs to be incurred on the existing facilities in FY2017?

Reply: The Company will continue to invest in technologies to improve its operational efficiency. All such initiatives are always subjected to rigorous cost-benefit analysis to ensure that the investments are beneficial to the Group.

C. SUMMARY OF KEY MATTERS DISCUSSED

The following key matters were discussed during the Meeting:-

- (a) There was no capacity issue upon the discontinuation of Foshan YK HDD Co. Ltd. as the Company has surplus capacity in YK Technology (Suzhou) Co., Ltd., where two-third of its land has yet to be utilised.

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- (b) Management is in the midst of working with its customers to get into the helium drive programme even though the volume for helium drive was still relatively low in the market for the time being.
- (c) The Company is focusing its resources on the core business and also looking for other new business opportunities that are ancillary or complementary to the Group business. The Company is in the midst of obtaining relevant certifications to venture into automotive business.
- (d) The main revenue driver of the Company would be the demand for data storage in the market. Thus, the ability of HDD manufactures to produce competitive products to meet the specification required by HDD manufactures would be crucial. The Board expressed confidence that there would be continuous healthy increase in the demand for data storage in the future.

D. APPROVAL OF RESOLUTIONS

The Meeting resolved and approved the following resolutions at the meeting by way of poll voting:-

- (a) Approval of the payment of directors' fees for the financial year ended 30 September 2016;
- (b) Re-election of Dr. Rozali Bin Mohamed Ali who retired pursuant to Article 95 of the Company's Articles of Association, and being eligible, had offered himself for re-election;
- (c) Re-election of Mr. Chan Boon Hui, who retired pursuant to Article 95 of the Company's Articles of Association, and being eligible, had offered himself for re-election;
- (d) Re-appointment of Messrs. Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration;
- (e) Ordinary Resolution 1- Authority to issue shares pursuant to Section 132D of the Companies Act, 1965;
- (f) Ordinary Resolution 2 - Proposed renewal of authority for share buy-back of up to 10% of the issued and paid-up share capital of JCY International Berhad; and
- (g) Special Resolution – Proposed amendments to the Articles of Association of the Company.

E. TERMINATION

The Annual General Meeting concluded at 12:05 p.m.