

**JCY INTERNATIONAL BERHAD**

(Company No. 713422-X)

(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWELFTH 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, 27 FEBRUARY 2018 AT 10:00 A.M.

At the Twelfth Annual General Meeting (“**12th AGM**”) of the Company held on 27 February 2018, there were no questions raised by the shareholders/proxy holders during the 12th AGM.

However, prior to the 12th AGM, the Company had received a letter dated 22 February 2018 from the Minority Shareholders Watchdog Group (“**MSWG**”) raised the following questions. Below is the summary of reply from the Company in response to the points and questions raised by MSWG:

<b>Issues raised by MSWG</b>	<b>Reply from the Company</b>
<p><u>Strategic and Financial Matters</u></p> <p>1. As stated under the Management Discussion &amp; Analysis on page 7 of Annual Report, the Group had set aside RM42,525,000 as capital expenditure mainly for the automation of production machineries and equipment to achieve better operational efficiencies during the financial year ended 30 September 2017.</p> <p>(ii) What is the current production capacity and what would be the expected production capacity after the introduction of automation of production machineries and equipment?</p> <p>(iii) What is the current composition of the manufacturing system between the automated and non-automated?</p>	<p>There are a variety of automation projects, aimed at modernising existing production facilities and reducing reliance on manual labour.</p> <p>These investments have not resulted in significant changes in the Company’s production capacity.</p> <p>As with any complex manufacturing process, there was a mix of automated and non-automated processes, and there was no single measure of the mix between these processes.</p> <p>The criteria in adopting automation technologies to replace manual processes include safety, reliability, quality, and cost-effectiveness, and JCY prioritise automation projects that yield the best return for the Group. Certain processes require extensive human intervention and judgement and are difficult to automate in accordance with these criteria.</p>
<p>2. As stated in the Management Discussion &amp; Analysis on page 8 of Annual Report, the Group has adopted two strategies for long term sustainability, i.e.:</p> <p>(i) Horizontal Expansion in the digital storage industry by increasing the market share within the supply chain and expanding range of products to more customers within the digital storage industry; and</p> <p>(ii) Diversification into other related and new industries.</p>	<p>JCY offers a variety of products to customers and its market shares are different for each of these products. For competitiveness reasons, JCY does not disclose its estimates of these market shares publicly.</p>

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(Summary of the Minutes of the Twelfth Annual General Meeting held on 27 February 2018 – cont'd)

<p>What is the current market share and what would be the expected market share for the Group for the next financial year?</p>	
<p><u>Corporate Governance</u></p> <p>3. We noted that the Company did not publish the Summary of Key Matters discussed at the AGM on the company's website as required under Chapter 9, Paragraph 9.21(2) of the Main Market Listing requirements of Bursa Malaysia.</p> <p>Please explain.</p>	<p>JCY acknowledged the omission and the omission had now been rectified. The Company appreciate MSWG's highlight on this matter.</p>
<p>4. Under Resolutions 7 and 8, the Group is seeking shareholders' approval for Directors' fees and benefits payable to Directors of the Company amounting to RM840,000 and RM600,000 respectively for the period 1 February 2017 to the next Annual General Meeting of the Company.</p> <p>Please provide the breakdown of the fees and benefits payable.</p>	<p>The directors' fees of RM840,000 are payable to seven (7) directors of the Company evenly for their services rendered during the financial year ended 30 September 2017.</p> <p>The directors benefit of RM600,000/- is other emoluments paid and payable to a director covering a two (2) years period from 1 February 2017 (the effective date of the Companies Act 2016) to next Annual General Meeting of the Company (which is expected to be held in February 2019).</p>

All the resolutions tabled at the 12th AGM were duly passed by way of poll, the results of which had been announced to Bursa Malaysia Securities Berhad on 27 February 2018.