

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt about the course of action to be taken, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other professional adviser immediately.

Part B – statement to shareholders in relation to the Proposed Renewal of Authority for Share Buy-Back is not required to be reviewed by Bursa Malaysia Securities Berhad (“Bursa Securities”) and has not been perused by Bursa Securities. Further, Bursa Securities takes no responsibilities for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



**PART A**

**CIRCULAR TO SHAREHOLDERS  
IN RELATION TO THE  
PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A  
REVENUE OR TRADING NATURE**

**PART B**

**STATEMENT TO SHAREHOLDERS IN RELATION TO PROPOSED RENEWAL OF AUTHORITY FOR THE  
COMPANY TO PURCHASE ITS OWN SHARES**

The above proposals will be tabled as Special Business at the Nineteenth Annual General Meeting (“19th AGM”) of Jaycorp Berhad (“the Company”). Notice of the 19th AGM of the Company to be held at Meeting Room 3, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka, Malaysia on Thursday, 14 December 2017 at 10.30 a.m. together with a Form of Proxy are enclosed together with the Annual Report 2017 of the Company.

The Form of Proxy should be completed and returned in accordance with the instructions printed thereon as soon as possible and in any event, must be deposited at the Registered Office of the Company at JA 1880, Batu 22½, Parit Perawas, Sungai Rambai, 77400 Melaka, Malaysia, on or before the time and date indicated below or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 12 December 2017 at 10.30 a.m.  
Date and time of the Annual General Meeting : Thursday, 14 December 2017 at 10.30 a.m.

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply: -

Act	- Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	- Annual General Meeting
Board	- The Board of Directors of Jaycorp Berhad
Bursa Securities	- Bursa Malaysia Securities Berhad (635998-W)
Director(s)	- Shall have the meaning given in Section 2 of the Act and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of the Jaycorp Group or chief executive of the Jaycorp Group
EPS	- Earnings per share
Jaycorp or the Company	- Jaycorp Berhad (459789-X)
Jaycorp Group or Group	- Jaycorp, and its subsidiaries
Listing Requirements	- The Main Market Listing Requirements of Bursa Securities and any amendments made thereto from time to time
Major Shareholder(s)	- A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:  (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company.  For the purpose of the definition, “interest in shares” has the meaning given in Section 8 of the Act; and for purposes of the Proposed Shareholders’ Mandate and Proposed Renewal of Authority for Share Buy-Back includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of the Company (as defined above) or any other corporation which is its subsidiary or holding company.
NTA	- Net tangible assets
Person(s) Connected	- As defined in Chapter 1 Paragraph 1.01 of the Listing Requirements
Proposed Shareholders’ Mandate	- Proposed shareholders’ mandate pursuant to Paragraph 10.09 of the Listing Requirements for recurrent related party transaction of a revenue or trading nature
Proposed Renewal of Authority for Share Buy-Back	- Proposed renewal of authority to enable Jaycorp to purchase and/or hold its own shares of up to ten per centum (10%) of its total number of issued shares
Related Party	- A Director, Major Shareholder or Person(s) Connected with such Director or Major Shareholder(s)
Related Party Transaction(s)	- A transaction entered into by Jaycorp Group which involves the interest, direct or indirect, of a Related Party
RM	- Ringgit Malaysia
RRPT	- Recurrent related party transactions of a revenue or trading nature to be entered into with a Related Party which are necessary for the day-to-day operations of Jaycorp Group and have been made or will be made at least once in 3 years in the ordinary course of business of the Jaycorp Group
Share(s)	- Ordinary share(s) in Jaycorp

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**PART A**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE  
PROPOSED SHAREHOLDERS' MANDATE FOR  
RECURRENT RELATED PARTY TRANSACTIONS  
OF A REVENUE OR TRADING NATURE**

# JAYCORP BERHAD

(Company No: 459789-X)

(Incorporated in Malaysia)

Registered Office  
JA 1880, Batu 22½  
Parit Perawas  
Sungai Rambai  
77400 Melaka  
Malaysia

22 November 2017

## Directors

Tan Sri Abdul Majid Khan (*Executive Chairman*)

Yeo Eck Liong (*Managing Director*)

Yeo Ayk Ke (*Executive Director*)

Lim Poh Teot (*Executive Director/Acting Chief Financial Officer*)

Muaz bin Jema Anton Khan (*Executive Director*)

Asgari bin Mohd Fuad Stephens (*Senior Independent Non-Executive Director*)

Kong Chee Weng, Harold (*Independent Non-Executive Director*)

Omar bin Musa (*Independent Non-Executive Director*)

Yeo Aik Tan (*Alternate Director to Yeo Ayk Ke*)

## To : The Shareholders of Jaycorp Berhad

Dear Sir/Madam,

## PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

### 1. INTRODUCTION

At the AGM held on 15 December 2016, the Company had obtained a general mandate from its shareholders in relation to recurrent related party transaction of a revenue or trading nature which are necessary for Jaycorp Group's day-to-day operations pursuant to Paragraph 10.09 of Chapter 10 of the Listing Requirements.

The shareholders' mandate on Recurrent Related Party Transactions is subject to annual renewal and shall lapse at the conclusion of the Company's forthcoming 19th AGM unless renewed at that AGM.

On 4 October 2017, the Company had announced that the Company proposed to seek its shareholders' approval for the Proposed Shareholders' Mandate.

The Company now proposes to seek its shareholders' approval for the Proposed Shareholders' Mandate at the forthcoming 19th AGM to be held on 14 December 2017.

The purpose of this Circular is to provide the shareholders with the details of the Proposed Shareholders' Mandate so as to set out the recommendation of the Board of Directors and to seek your approval for the ordinary resolution to be tabled at the forthcoming 19th AGM as set out in the Notice of AGM.

**WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE ATTACHED APPENDIX BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING 19TH AGM.**

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Proposed Shareholders' Mandate

Paragraph 10.09 of the Listing Requirements provides that a listed issuer may seek a mandate from its shareholders for RRPT of a listed issuer or its subsidiaries subject to the following conditions:-

- (a) The transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public.
- (b) The shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Listing Requirements.
- (c) The listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information.
- (d) In a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders and interested persons connected with a director or major shareholder, and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must also ensure that persons connected with him abstain from voting on the resolution approving the transactions.
- (e) The listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer exceeds the estimated value of the RRPT disclosed in the circular to shareholders by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

The Proposed Shareholders' Mandate, if approved by the shareholders at the forthcoming 19th AGM, will continue to be in force until

- (i) the conclusion of the next AGM of the Company following the forthcoming 19th AGM at which the Proposed Shareholders' Mandate is passed, at which time such mandate will lapse, unless the authority is renewed by a resolution passed at that next AGM;
- (ii) the expiration of the period, within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as maybe allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by shareholders in general meeting,

whichever is the earliest.

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

### 2.2 Principal Activities of Jaycorp Group

The principal activity of Jaycorp is investment holding and provision of management services. The principal activities of its subsidiaries are as follows:-

No	Name	Effective Equity Interest *	Principal activities
1	Yeo Aik Wood Sdn Bhd (YAWSB)	100%	Manufacturing and sale of rubberwood furniture
2	Winshine Holdings Sdn Bhd (WHSB)	100%	Investment holding and provision of management services
3	Winshine Industries Sdn Bhd (WISB)	100%	Manufacturing and sale of rubberwood furniture
4	Digital Furniture Sdn Bhd (DFSB)	60%	Manufacturing and sale of rubberwood furniture
5	Digital Dorm Sdn Bhd (DDSB)	60%	Provision for dormitory management services
6	Instyle Sofa Sdn Bhd (ISSB)	83%	Manufacturing of sofa sets, bed sets, chairs and upholstery work
7	PT Tiga Mutiara Nusantara (PTTMN)	51%	Pressure treatment and kiln-drying of rubberwood
8	Yeo Aik Hevea (M) Sdn Bhd (YAHSB)	100%	Pressure treatment, processing and kiln-drying of rubberwood
9	Pine Packaging (M) Sdn Bhd (PPSB)	100%	Conversion of corrugated boards in carton boxes
10	Jaycorp Green Energy Sdn Bhd (JGESB)	90%	Renewable energy, biomass and environmentally friendly waste treatment
11	Jaycorp Trading Sdn Bhd (JTSB)	100%	General trading, transportation, property letting and printing
12	Jaycorp Engineering & Construction Sdn Bhd (JECBSB)	60%	Engineering, construction and property development
13	Jaycorp Properties Sdn Bhd (JPSB)	100%	Investment holding
14	Bongawan Solo Sdn Bhd (BSSB)	60%	Investment holding
15	Jaycorp Limited (JL)	70%	Dormant

\* as at 13 November 2017

It is anticipated that the Group would, in the normal course of business, continue to enter into transactions with classes of Related Parties as set out in Section 2.4. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Board is seeking the Proposed Shareholders' Mandate which will allow the Group, in their normal course of business, to enter into RRPT with the classes of Related Parties set out in Section 2.4 provided such transactions are made at arm's length and on normal commercial terms of the Group and are on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

### 2.3 Details of RRPT

In the ordinary course of business, the Jaycorp Group has engaged in and is expected to continue to engage in transactions with Related Party as follows:-

Name and Principal Activities of Related Party	Nature of Recurrent Related Party Transaction	Nature of Relationship
Jawala Corporation Sdn Bhd (Jawala), principally engaged in trading, engineering procurements, counter trade and investment through joint ventures in infrastructure and industrial projects	i) Sale of biomass feed stock to JGESB ii) Receipt of commission income from YAHSB for assisting YAHSB to successfully tender for rubber wood iii) Rental of Lot 17.03, 17th Floor, Menara KH to Jaycorp* iv) Supplies of cement to JECSB	Tan Sri Abdul Majid Khan (Executive Chairman and major shareholder of Jaycorp). Tan Sri Abdul Majid Khan is also a director and major shareholder of Jawala.  Muaz Bin Jema Anton Khan (Executive Director of Jaycorp). Muaz Bin Jema Anton Khan is the grandson of Tan Sri Abdul Majid Khan and a shareholder of Jawala.
Jawala Plantation Industries Sdn Bhd (Jawala Plantation), principally engaged in forest management	i) Rental of Lot 2-10 & 2-11, Pusat Komersil, Latitude 6 Lintas from JECSB <sup>^</sup>	Jawala Plantation is a wholly-owned subsidiary of Jawala.  Tan Sri Abdul Majid Khan is the non-executive chairman of Jawala Plantation.
Janpang Enterprise Sdn Bhd (Janpang), principally engaged in selling machinery and machinery parts	i) Sale of machinery and machinery parts to - DFSB - ISSB - PPSB - WISB - YAHSB - YAWSB	Chia Lai Joo was a non-independent executive director and a shareholder of Jaycorp. <sup>#</sup>  Chia How Piow is the son of Chia Lai Joo. He is a director and major shareholder of Janpang.

\* Details of the rental of the property from Jawala by Jaycorp are as follows:-

Location	Size (square feet)	Rental per month (RM)	Tenure	Purpose
Lot 17.03, 17th Floor, Menara KH, Jalan Sultan Ismail	1,873	7,492	One year and on renewable basis	Office

<sup>^</sup> Details of the rental of the property from JECSB to Jawala Plantation are as follows:-

Location	Size (square feet)	Rental per month (RM)	Tenure	Purpose
Lot 2-10 & 2-11, Pusat Komersil, Latitude 6 Lintas, Off Jalan Lintas, 88300 Kota Kinabalu, Sabah.	500	1,500	One year and on renewable basis	Office

<sup>#</sup> Chia Lai Joo had resigned as Jaycorp director on 31 August 2017.



## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

### 2.3 Details of RRPT (CONT'D)

The estimated value of the recurrent related party transaction for the period from the conclusion of the forthcoming AGM of the Company until the conclusion of the next AGM of the Company based on similar transactions during the financial year ended 31 July 2017, are set out as follows:-

Jaycorp and its subsidiaries with the following Related Party	Type of transaction	(A)	(B)	Estimated
		Estimated aggregate value of transactions disclosed in Circular to Shareholders dated 23 November 2016	Actual value of transactions from 15 December 2016 to 31 October 2017	aggregate value of transactions from date of 19th AGM to the next AGM
		RM'000 <sup>(1)</sup>	RM'000 <sup>(2)</sup>	RM'000 <sup>(3)</sup>
Jawala	(i) Sales of biomass feed stock to JGESB	1,000	8	1,000
	(ii) Receipt of commission income from YAHSB for assisting YAHSB to successfully tender for rubber wood	325	-	325
	(iii) Rental of Lot 17.03, 17th Floor, Menara KH to Jaycorp	150	75	150
	(iv) Supplies of cement to JECSB	250	26	250
Jawala Plantation <sup>(4)</sup>	(i) Rental of Lot 2-10 & 2-11, Pusat Komersil, Latitude 6 Lintas from JECSB	-	-	18
Janpang <sup>(5)</sup>	(i) Sales of machinery and machinery parts to - DFSB - ISSB - PPSB - WISB - YAHSB - YAWSB	1,000	178	-
<b>Total</b>		<b>2,725</b>	<b>287</b>	<b>1,743</b>

None of the actual value of transactions (B) has exceeded the estimated aggregate value of transactions (A) by 10%.

Notes:

<sup>(1)</sup> Estimated value of transaction disclosed in the preceding year's Circular to Shareholders 23 November 2016.

<sup>(2)</sup> Actual value of transactions conducted from 15 December 2016 to 31 October 2017, being the latest practicable date prior to the printing of this Circular.

<sup>(3)</sup> Estimated value of transactions for the period from the conclusion of the forthcoming 19th AGM of the Company until the conclusion of the next AGM of the Company.

There is no amount due and owing by the Related Party to Jaycorp Group pursuant to the recurrent related party transactions which exceeded the credit terms as at 31 July 2017.

The estimated value of transactions shown above are based on the transactions and/or management estimates. Due to the nature of the transactions, the aggregate and actual value of the transactions may vary and exceed the estimated shown above.

It is anticipated that the Jaycorp Group will continue to enter into the related party transactions as mentioned above in the ordinary course of business.

<sup>(4)</sup> This is a new RRPT transaction, for which a mandate in the indicated limit of RM18,000 is requested.

<sup>(5)</sup> Mr Chia Lai Joo had resigned as Jaycorp director on 31 August 2017.

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

### 2.4 Classes of Related Parties of Recurrent Transactions

The classes of Related Parties are as follows:-

	Related Parties	Interested Directors and/or Major Shareholders and Person Connected to them
(i)	Jawala	Jawala is a major shareholder of Jaycorp holding 22.67%# equity interest in the Company.
(ii)	Jawala Plantation	Jawala Plantation is a wholly-owned subsidiary of Jawala.
(iii)	Tan Sri Abdul Majid Khan	Tan Sri Abdul Majid Khan is the Executive Chairman of Jaycorp. He is deemed major shareholder of Jaycorp by virtue of his substantial interest in Jawala.
(iv)	Hazmat Aqbal bin Mohd Ayub Khan	Hazmat Aqbal bin Mohd Ayub Khan is a deemed major shareholder of Jaycorp but ceased on 25 September 2017.
(v)	Datuk Jema Anton Khan	Datuk Jema Anton Khan is deemed major shareholder of Jaycorp by virtue of his interest in Jawala. Tan Sri Abdul Majid Khan is his father.
(vi)	Chee Ah What	Chee Ah What is a deemed major shareholder of Jaycorp but ceased on 25 September 2017.
(vii)	Muaz bin Jema Anton Khan	Muaz bin Jema Anton Khan is an executive director of Jaycorp and a shareholder of Jawala. He is a deemed major shareholder of Jaycorp but ceased on 25 September 2017. Tan Sri Abdul Majid Khan is his grandfather. Datuk Jema Anton Khan is his father.

# Excluding a total of 502,900 ordinary shares bought-back by the Company and retained as treasury shares.

### 2.5 Procedures for Determination of Transaction Price

#### (a) Sale or Purchase of Goods and Services

The sale or purchase of goods and services shall be determined on the basis of the prevailing rates/prices of the goods or services (including preferential rates/prices/discounts accorded to a class or classes of customers or for bulk purchases) according to their usual commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms/considerations.

#### (b) Rental of Properties

The rental of properties shall be on the basis of the prevailing market rates for the same or substantially similar properties and shall be on normal commercial terms.

#### (c) Payment of Commission

The commission rate is calculated at about 3.25% of the successful tender amount, which is consistent with applicable industry rate of between 3%-5%.

## 3. REVIEW PROCEDURES IN RELATION TO THE RRPT

### 3.1 Review Procedures

The management has implemented the following procedures by which transaction prices are determined to ensure that the recurrent related party transaction are undertaken on an arm's length basis, on normal commercial terms and are on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

### 3. REVIEW PROCEDURES IN RELATION TO THE RRPT (CONT'D)

#### 3.1 Review Procedures (Cont'd)

To monitor the recurrent transactions, the following internal review procedures have been implemented:-

- (i) At least 2 other contemporaneous transactions with unrelated parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the management will rely on their market knowledge of prevailing industry norms subject to the urgency and efficiency of services required to be provided to ensure that the recurrent transactions are not detrimental to the Company or the Group.

- (ii) The name of the Related Parties of Jaycorp Group will be circulated to the Directors and senior management of Jaycorp Group to notify that all RRPT are required to be undertaken on an arm's length basis and on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.
- (iii) All RRPT which are entered into pursuant to the Proposed Shareholders' Mandate will be recorded by the Company in a register/record to be maintained by the Company.
- (iv) The RRPT will be reviewed on a quarterly basis by the Audit Committee of the Company to ensure that they are transacted on terms and conditions which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders in light of the circumstances concerned. Furthermore, the Audit Committee shall also have the discretion to request for additional procedures to be followed if it considers such a request to be appropriate.
- (v) The annual internal audit plan shall incorporate a review of the RRPT entered into pursuant to the Proposed Shareholders' Mandate. The Board and Audit Committee shall review the internal audit report to ascertain that the review procedures established to monitor the RRPT have been complied with.
- (vi) There are no specific thresholds for approval of RRPTs. All RRPTs are reviewed by Audit Committee and approved by Board of Directors, provided always that the interested directors are abstained from deliberating and voting on the said resolution.
- (vii) If a member of the Board or of the Audit Committee has an interest, as the case may be, he shall abstain from Board or Audit Committee deliberation and voting on the resolution in respect of the RRPT.
- (viii) Where shareholders' mandate has been obtained, disclosure shall be made in the annual report of the aggregate value of RRPT conducted pursuant to the mandate during the financial year.

#### 3.2 Statement by the Audit Committee

The Audit Committee has seen and reviewed the procedures established in Section 3.1 above in the treatment of RRPT and are satisfied that the procedures are sufficient to ensure that:-

- (i) the RRPT will be conducted at arm's length and on normal commercial terms; and
- (ii) such transactions are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The Group maintains adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner which are reviewed by the Audit Committee on a quarterly basis.

#### 4. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE

The RRPT to be entered into by Jaycorp Group are in the ordinary course of business. The RRPT are undertaken on terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. All the transactions will be conducted on an arm's length basis. It is envisaged that in the normal course of the Group's business, the RRPT between Jaycorp Group and Related Parties are likely to occur with some degree of frequency. These transactions may be time sensitive by nature, making it impractical to seek shareholders' approval on a case-by-case basis before entering into such RRPT.

The Proposed Shareholders' Mandate and the renewal thereof on an annual basis would avoid the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when the RRPT occur or arise. The Proposed Shareholders' Mandate would therefore substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings on an ad-hoc basis, and allow manpower resources and time to be channelled towards attaining corporate objectives.

Jaycorp Group has long-standing commitment to the protection of shareholder value and corporate governance, and this has been a key factor in all the decisions taken by the Group. In this regard, the Related Parties have established a wide distribution network within their respective markets, thus making the Related Parties an effective product distribution channel that the Group can draw upon to market its products. The RRPT will also give additional business volume to the Group, thereby improving the turnover and profit of the Group.

#### 5. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

Save as disclosed in Section 2.4 above, none of the Directors and/or Major Shareholders of Jaycorp Group and/or persons connected to them have any interest, direct or indirect in the Proposed Shareholders' Mandate.

The direct and indirect interest of interested Directors, Major Shareholders and/or persons connected with them in Jaycorp as at 13 November 2017 (being the last practicable date prior to the printing of this Circular) are as follows:-

	Direct Interest No. of Shares	%#	Deemed Interest No. of Shares	%#
<b>Interested Major Shareholders</b>				
Jawala	31,000,000	22.67	-	-
Tan Sri Abdul Majid Khan	-	-	31,000,000	22.67
Datuk Jema Anton Khan	-	-	31,000,000	22.67
<b>Interested Directors</b>				
Tan Sri Abdul Majid Khan	-	-	31,000,000	22.67
Muaz bin Jema Anton Khan	-	-	-	-

Note:

# Excluding a total of 502,900 ordinary shares bought-back by the Company and retained as treasury shares.

The abovementioned interested directors and major shareholders will abstain from voting on the resolution approving the Proposed Shareholders' Mandate in the forthcoming 19th AGM in respect of their direct and/or indirect shareholdings. The interested directors and major shareholders have undertaken to ensure that persons connected to them will abstain from voting on the Proposed Shareholders' Mandate in the forthcoming 19th AGM in respect of their direct and/or indirect shareholdings.

The interested Directors have and will abstain from Board deliberation and voting on the Proposed Shareholders' Mandate at all Board Meetings.

## **6. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate will not have any effect on the issued share capital, substantial shareholdings, consolidated EPS and net assets of the Company.

## **7. APPROVAL REQUIRED**

The Proposed Shareholders' Mandate is subject to the approval of the shareholders of Jaycorp at the 19th AGM to be convened.

## **8. DIRECTORS' RECOMMENDATION**

The Directors of the Company (save for the interested Directors named in Section 5 who have abstained and will continue to abstain from Board deliberation and voting in respect of the Proposed Shareholders' Mandate), having considered all aspects of the Proposed Shareholders' Mandate, are of the opinion that they are in the best interest of the Jaycorp Group and accordingly recommend that you vote in favour of the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 19th AGM.

## **9. AGM**

The ordinary resolution to approve the Proposed Shareholders' Mandate is set out as Special Business in the Notice of the 19th AGM contained in Jaycorp's Annual Report for the financial year ended 31 July 2017. The AGM will be held at Meeting Room 3, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka, Malaysia on Thursday, 14 December 2017 at 10.30 a.m.

In the event that you wish to appoint a proxy to attend and vote on your behalf, you are requested to complete, sign and return the Form of Proxy enclosed in the Company's Annual Report in accordance with the instructions printed thereon as soon as possible and in any event to reach the Registered Office of the Company not later than 48 hours before the time set for holding the 19th AGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the 19th AGM should you subsequently decide to do so.

## **10. FURTHER INFORMATION**

Shareholders are requested to refer to the Appendix for further information.

Yours faithfully

For and on behalf of the Board of Directors of  
JAYCORP BERHAD

**Kong Chee Weng, Harold**  
Chairman of Audit Committee

**PART B**

**STATEMENT TO SHAREHOLDERS IN RELATION  
TO THE PROPOSED RENEWAL OF AUTHORITY  
FOR THE COMPANY TO PURCHASE ITS OWN SHARES**

# JAYCORP BERHAD

("JAYCORP" or "the Company")

(Company No. 459789-X)

(Incorporated in Malaysia)

## SHARE BUY-BACK STATEMENT

### PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

#### 1. INTRODUCTION

The Company had, at the Annual General Meeting ("AGM") of the Company held on 15 December 2016, obtained its shareholders' approval for the Company to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company. The authority to undertake the share buy-back shall, in accordance with Chapter 12 of the Main Market Listing Requirements of Bursa Securities, lapse at the conclusion of the forthcoming AGM to be held on 14 December 2017 unless the authority is renewed.

On 4 October 2017, the Board of Directors ("Board") of Jaycorp announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that the Company proposed to seek its shareholders' approval to renew the authority for the Company to purchase its own shares of up to ten per centum (10%) of the total number of issued shares of the Company ("Proposed Renewal of Authority for Share Buy-Back") at the 19th AGM to be convened.

#### 2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The proposed Renewal of Authority for Share Buy-Back, if given, shall be effective immediately upon the passing of the ordinary resolution relating thereto at the 19th AGM and will continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the forthcoming 19th AGM at which such resolution was passed, at which time the said authority will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed either unconditionally or subject to conditions;
  - (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
  - (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,
- whichever occurs first.

#### 3. RATIONALE FOR THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The Proposed Renewal of Authority for Share Buy-Back, if exercised, will enable Jaycorp to utilise its surplus financial resources to purchase ordinary shares in Jaycorp ("Jaycorp Shares") as and when the Board deems fit in the interest of its shareholders during the tenure the authority granted is in effect. The Proposed Renewal of Authority for Share Buy-Back is expected to benefit the Company and its shareholders as follows:-

- (i) the Proposed Renewal of Authority for Share Buy-Back is expected to stabilise the supply and demand of Jaycorp Shares traded on Bursa Securities and thereby support its fundamental value.
- (ii) in the event the Jaycorp Shares so purchased by the Company are cancelled, either immediately or subsequently after being held as treasury shares, it may enhance the EPS of Jaycorp and have a positive impact on the market price of Jaycorp Shares.
- (iii) if the Jaycorp Shares so purchased by the Company are held as treasury shares, the Company may have the opportunity to realise capital gains if these are resold on the Bursa Securities at a price higher than their purchase price. Alternatively, the Jaycorp Shares so purchased can be distributed as share dividends to reward shareholders.

#### 4. SOURCE OF FUNDS

The maximum amount of funds to be allocated for the purchase of Jaycorp Shares pursuant to the Proposed Renewal of Authority for Share Buy-Back will be limited to the amount of the audited retained profits of the Company at the time of purchase(s). Based on the latest audited financial statements as at 31 July 2017, the retained profits of the Company is RM44,402,000.

The amount of funds allocated for the purchase of Jaycorp Shares pursuant to the Proposed Renewal of Authority for Share Buy-Back will be financed through internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of the purchase consideration as well as the availability of internally generated funds and bank borrowings at the time of the purchase(s). In the event the purchases of Jaycorp Shares pursuant to the Proposed Renewal of Authority for Share Buy-Back is to be financed by bank borrowings, the Company expects that it will be capable of repaying the bank borrowings and that the bank borrowings will not have any material impact on the cash flow of the Company.

#### 5. ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

Other things being equal, the Proposed Renewal of Authority for Share Buy-Back is expected to enhance value for shareholders due to a resultant reduction in the number of Jaycorp Shares in the market, thereby improving its scarcity value. The other advantages of the Proposed Renewal of Authority for Share Buy-Back are outlined in item 3 of this Share Buy-Back Statement.

However, the Proposed Renewal of Authority for Share Buy-Back, if implemented, would reduce the amount of financial resources of the Company and may result in the Company having to forgo feasible investment opportunities that may emerge in the future. The working capital of the Group will also be affected, as any purchase of Jaycorp Shares will reduce the Group's cash flow depending on the actual number of shares purchased and their purchase price.

The Board will be mindful of the interests of the Company, the Group and its shareholders in implementing the Proposed Renewal of Authority for Share Buy-Back. The actual number of Jaycorp Shares that will be purchased, total funds allocated for the Proposed Renewal of Authority for Share Buy-Back and the timing of the purchase(s) will depend on the market conditions and sentiments of the stock market as well as the financial resources available to the Company.

#### 6. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

In the event that the Company purchases 13,725,000 Jaycorp Shares, representing ten per centum (10%) of its total number of issued shares and the shares so purchased are cancelled or alternatively retained as treasury shares or both, the effects of the Proposed Renewal of Authority for Share Buy-Back on the share capital, earnings, net tangible assets ("NTA"), working capital, and the shareholdings of the Directors and substantial shareholders of Jaycorp are as set out below:-

##### 6.1 SHARE CAPITAL

In the event that the maximum number of shares authorised under the Proposed Renewal of Authority for Share Buy-Back are purchased and cancelled, the issued share capital of Jaycorp will be as follows:-

	<b>No. of Jaycorp Shares</b>	<b>Amount RM</b>
Existing issued share capital as at 13 November 2017	*137,250,000	**69,926,000.00
Proposed Share Buy-Back	(13,725,000)	(6,862,500.00)
<b>Total issued share capital after the Proposed Share Buy-Back</b>	<b>123,525,000</b>	<b>63,063,500.00</b>

Note:

\* The number of Jaycorp Shares stated is inclusive of 502,900 treasury shares currently held by the Company.

\*\* On 31 July 2017, share premium amounted to RM1,301,000 had transferred to share capital.



## **6.1 SHARE CAPITAL (CONT'D)**

However, if all the Jaycorp Shares purchased are retained as treasury shares, the issued share capital of Jaycorp will not be reduced but the rights attached to the treasury shares as to voting, dividends and participation in other distribution or otherwise will be suspended. While these Jaycorp Shares remain as treasury shares, the Act prohibits the taking into account of such shares in calculating the number of percentage of shares in the Company for any purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

## **6.2 EARNINGS**

The effects of the Proposed Renewal of Authority for Share Buy-Back on the EPS of the Jaycorp Group are dependent on the actual number of Jaycorp Shares purchased, the purchase price(s) of the Jaycorp Shares and the effective cost of funding of the Jaycorp Group. The effective reduction in the total issued share capital of Jaycorp pursuant to the Proposed Renewal of Authority for Share Buy-Back would generally, all else being equal, have a positive impact on the EPS of the Jaycorp Group for the financial year ending on such date when the Jaycorp Shares are purchased.

## **6.3 NTA**

The effect of the Proposed Renewal of Authority for Share Buy-Back on the NTA per share of the Jaycorp Group is dependent on the number of Jaycorp Shares which the Company will buy-back, purchase price(s) of the Jaycorp Shares at the time of buy-back, the treatment of the shares so purchased and the funding cost, if any.

If the maximum number of Jaycorp Shares are purchased and cancelled, the share repurchase would reduce the NTA per share of the Jaycorp Group if the purchase price exceeds the audited NTA per share at the time of the purchase and conversely would increase the NTA per share of the Jaycorp Group if the purchase price is less than the audited NTA per share at the time of the purchase.

The audited NTA per share of the Jaycorp Group based on the latest audited financial statements as at 31 July 2017 is approximately RM1.11. The historical monthly highest and lowest prices of Jaycorp Shares as traded on Bursa Securities for the past twelve (12) months to 13 November 2017 are set out in item 6.8 herein.

The NTA per Jaycorp Share will decrease if the purchased shares are retained as treasury shares due to the requirement for treasury shares to be carried at cost and be offset against equity, resulting in a decrease in the NTA by the cost of the treasury shares.

If the treasury shares are resold on the Bursa Securities, the NTA per Jaycorp Share will increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the NTA per Jaycorp Share will decrease by the cost of the treasury shares.

## **6.4 WORKING CAPITAL**

The Proposed Renewal of Authority for Share Buy-Back will result in an outflow of cash and thereby reduce the working capital of the Jaycorp Group, the quantum of which is dependent on the purchase prices of the Jaycorp Shares and the number of Jaycorp Shares bought-back and the funding cost, if any. Nevertheless, the Board will be mindful of the interests of Jaycorp and its shareholders in undertaking the Proposed Renewal of Authority for Share Buy-Back and will assess the working capital needs of the Jaycorp Group prior to any repurchase of Jaycorp Shares. In the event the Company purchases its own shares using external borrowings, the Company will ensure that it has sufficient funds to repay the external borrowings.

## 6.5 SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' SHAREHOLDINGS

Based on the total number of issued shares of Jaycorp as at 13 November 2017, the potential increase in the shareholdings of substantial shareholders and Directors of Jaycorp based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at 13 November 2017 in the event that the Proposed Renewal of Authority for Share Buy-Back is being carried out in full are as set out below:-

### Substantial Shareholders' shareholdings

	As at 13 November 2017				After the Proposed Share Buyback			
	-----Direct-----		--- Indirect ---		-----Direct-----		--- Indirect ---	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Substantial Shareholders</b>								
Tan Sri Abdul Majid Khan ^	-	-	^^31,000,000	22.67	-	-	^^31,000,000	25.10
Datuk Jema Anton Khan	-	-	^^31,000,000	22.67	-	-	^^31,000,000	25.10
Yeo Eck Liong ^	2,389,547	1.75	#30,307,500	22.16	2,389,547	1.93	#30,307,500	24.54
Central Glamour Sdn Bhd	30,275,000	22.14	-	-	30,275,000	24.51	-	-
Jawala Corporation Sdn Bhd	31,000,000	22.67	-	-	31,000,000	25.10	-	-

#### Notes:

\* Excluding a total of 502,900 Jaycorp Shares bought-back by Jaycorp and retained as treasury shares as at 13 November 2017.

# Deemed interest through his substantial shareholding in Central Glamour Sdn Bhd and shares registered in the name of his spouse, Sim Peck Ling.

^ Directors, who are also substantial shareholders of Jaycorp.

^^ Deemed interest through his substantial shareholding in Jawala Corporation Sdn Bhd.

### Directors' Shareholdings

	As at 13 November 2017				After the Proposed Share Buyback			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Directors</b>								
Tan Sri Abdul Majid Khan ^	-	-	^^31,000,000	22.67	-	-	^^31,000,000	25.10
Yeo Eck Liong ^	2,389,547	1.75	#30,307,500	22.16	2,389,547	1.93	#30,307,500	24.54
Yeo Ayk Ke	719,175	0.53	**47,750	0.03	719,175	0.58	**47,750	0.04
Lim Poh Teot	3,284,225	2.40	-	-	3,284,225	2.66	-	-
Omar bin Musa	-	-	-	-	-	-	-	-
Asgari bin Mohd Fuad Stephens	-	-	^^^150,000	0.11	-	-	^^^150,000	0.12
Kong Chee Weng, Harold	-	-	-	-	-	-	-	-
Yeo Aik Tan (Alternate Director to Yeo Ayk Ke)	739,593	0.54	-	-	739,593	0.60	-	-
Muaz bin Jema Anton Khan	-	-	-	-	-	-	-	-

#### Notes:

\* Excluding a total of 502,900 Jaycorp Shares bought-back by Jaycorp and retained as treasury shares as at 13 November 2017.

\*\* Deemed interest by virtue of shares registered in the name of his spouse, On Yin Choo.

# Deemed interest through his substantial shareholding in Central Glamour Sdn Bhd and shares registered in the name of his spouse, Sim Peck Ling.

^ Directors, who are also substantial shareholders of Jaycorp.

^^ Deemed interest through his substantial shareholding in Jawala Corporation Sdn Bhd.

^^^ Deemed interest by virtue of shares registered in the name of his mother, Rahimah Stephen.

## 6.6 PUBLIC SHAREHOLDING SPREAD

As at 13 November 2017, the public shareholding spread of the Company was 49.48%. In the event the Proposed Renewal of Authority for Share Buy-Back is carried out in full and the Jaycorp Shares so purchased are cancelled and assuming the number of shares held as at 13 November 2017 by the Directors, substantial shareholders or associates of the directors and substantial shareholders remain unchanged, the public shareholding spread of the Company is expected to be approximately 44.08%.

The Board is mindful of the compliance with the public shareholding spread as required by the Listing Requirements of Bursa Securities and will take into consideration the requirement when making any purchase of Jaycorp Shares pursuant to the Proposed Renewal of Authority for Share Buy-Back.

## 6.7 IMPLICATIONS RELATING TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2016 (“CODE”)

Based on the shareholdings of the substantial shareholders as at 13 November 2017 and assuming that the Proposed Renewal of Authority for Share Buy-Back is implemented in full, none of the substantial shareholders and/or parties acting in concert with them will hold more than 33% direct and indirect interest in the Company. As such, the Proposed Renewal of Authority for Share Buy-Back does not have any implication on the Code.

In the event the number of Jaycorp shares bought back subsequent to the date of this Statement was to result in any substantial shareholder(s) and/or parties acting in concert triggering the Code, such substantial shareholder(s) and/or parties acting in concert will be obliged to undertake a mandatory offer for the remaining Jaycorp Shares not held by them collectively. However, an exemption from a mandatory offer obligation may be granted by the Securities Commission under the Rules of Take-Overs, Mergers and Compulsory Acquisitions, subject to the affected person(s) complying with certain conditions, if the Code is triggered as a result of action outside their direct participation.

## 6.8 HISTORICAL SHARE PRICES

The highest and lowest prices of Jaycorp Shares traded on Bursa Securities for the past twelve (12) months are as follows:-

	High (RM)	Low (RM)
<b>2016</b>		
November	1.62	1.39
December	1.55	1.31
<b>2017</b>		
January	1.46	1.33
February	1.47	1.38
March	1.42	1.31
April	1.43	1.29
May	1.36	1.27
June	1.47	1.21
July	1.50	1.36
August	1.57	1.40
September	1.61	1.42
October	1.58	1.51

The last transacted price per share of Jaycorp on 13 November 2017, being the last practicable date prior to the printing of this Statement, was RM1.45.

Source: RHB Investment Bank Berhad

## 7. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS

None of the Directors and/or Substantial Shareholders of Jaycorp and/or persons connected to them has any interest, direct or indirect in the Proposed Renewal of Authority for Share Buy-Back, or resale of treasury shares, if any.

## 8. DIRECTORS’ RECOMMENDATION

The Board having considered all aspects of the Proposed Renewal of Authority for Share Buy-Back, is of the opinion that Proposed Renewal of Authority for Share Buy-Back is in the best interest of the Company and its shareholders and accordingly the Board recommends that you vote in favour of the ordinary resolution in respect of the Proposed Renewal of Authority for Share Buy-Back to be tabled at the forthcoming 19th AGM.

## 9. FURTHER INFORMATION

Shareholders are advised to refer to the Company’s Annual Report 2017 for further details on the purchases made by the Company of its own shares during the financial year ended 31 July 2017.

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors of Jaycorp and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which, would make any statement herein misleading.

**2. MATERIAL LITIGATION**

As at the date of the Circular, neither Jaycorp nor its subsidiaries are engaged in any material litigation, claims or arbitration and the Board is not aware and do not have any knowledge of any proceedings pending or threatened against the Company or its subsidiaries or any fact likely to give rise to any proceedings which may materially or adversely affect the financial position or business of the Group.

**3. MATERIAL CONTRACTS**

As at the date of this circular, save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Jaycorp and/ or its subsidiaries within the past two (2) years immediately preceding the date of this Circular: -

- (i) On 18 September 2017, Jaycorp Engineering and Construction Sdn Bhd ("JECSB"), a 60%-owned subsidiary, had accepted a Letter of Award dated 8 September 2017 from Fulcrum Capital Sdn Bhd to undertake the construction of the 1-Storey Azman Hashim Gallery and Auditorium at Lot 3, University Malaysia Sabah for University Malaysia Sabah and the Azman Hashim Foundation, for a total contract value of approximately Ringgit Malaysia Twelve Million and Six Hundred Thousand (RM12,600,000.00) only over a period of seventy eight (78) weeks (approximately eighteen (18) months).
- (ii) On 17 October 2016, JECSB had entered into a contract with Solid Destiny Sdn Bhd for the construction of a 7-storey shop cum office on L.15864 at Likas, Kota Kinabalu, Sabah known as the Spinnaker SOVO Suite at Likas Bay for a contract sum of Ringgit Malaysia Sixteen Million Seven Hundred Sixty-Three Thousand Five Hundred Ninety-Seven and Sen Sixteen (RM16,763,597.16) only over a period of twenty four (24) months.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at JA 1880, Batu 22½, Parit Perawas, Sungai Rambai, 77400 Melaka, Malaysia, during normal business hours from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular to the date of the forthcoming 19th AGM:-

- (a) the Memorandum and Articles of Association of Jaycorp;
- (b) the Audited Financial Statements of Jaycorp for the financial years ended 31 July 2016 and 31 July 2017; and
- (c) the material contracts referred to in Section 3 above.