

**RCE CAPITAL BERHAD**  
**Registration No. 195301000151 (2444-M)**  
(Incorporated in Malaysia)

Minutes of the Sixty-Seventh Annual General Meeting (“67th AGM”) of the Company held as a fully virtual meeting conducted entirely through live streaming and remote voting using the remote participation and voting facilities hosted on the Securities Services e-Portal at <https://sshbsb.net.my/> provided by SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 23 September 2021 at 10.30 a.m.

**PRESENT**

- Directors : Encik Shahman Azman (Chairman)  
Y. Bhg. Tan Sri Mazlan bin Mansor  
Y. Bhg. Datuk Mohamed Azmi bin Mahmood  
Mr. Tan Bun Poo  
Encik Mahadzir bin Azizan  
Mr. Thein Kim Mon  
Mr. Soo Kim Wai  
Puan Shalina Azman  
Mr. Lum Sing Fai
- Shareholders, Proxyholders and Corporate Representatives : As per Attendance List
- In Attendance/Invitees : Mr. Loh Kam Chuin (Chief Executive Officer)  
Mr. Johnson Yap Choon Seng (Group Chief Financial Officer and Company Secretary)  
Ms. Seow Fei San (Company Secretary)  
Ms. Oon Hooi Khee (Chief Business Officer)  
Ms. Low Peck Yoke (General Manager)
- Auditors : Mr. Wong Kar Choon (representative of Deloitte PLT)

**1. NOTICE**

The Chairman welcomed shareholders, proxyholders, corporate representatives (collectively “shareholders”) and invitees to the live streaming of the Company’s 67th AGM.

The Chairman informed that in view of the current COVID-19 pandemic and in line with the latest Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, this Meeting is conducted on a fully virtual basis, via live streaming webcast and online remote voting using the remote participation and voting facilities without physical attendance.

The Chairman then proceeded to introduce the Board members, Senior Management, Company Secretary and External Auditors of the Company to the shareholders.

Thereupon, the notice convening the Meeting having been circulated earlier to all the members of the Company within the statutory period was taken as read.

## **2. QUORUM AND PRESENTATION TO SHAREHOLDERS**

Upon confirmation of the presence of the requisite quorum pursuant to Clause 76 of the Company's Constitution, the Chairman called the Meeting to order at 10.30 a.m.

The Meeting was informed that in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all of the proposed resolutions set out in the Notice of 67th AGM would be voted by poll.

The Meeting was further informed that SS E Solutions Sdn. Bhd. was appointed to act as the Poll Administrator to conduct the polling process and Commercial Quest Sdn. Bhd. had been appointed as the Independent Scrutineer to verify the results of the poll voting.

The Chairman invited Ms. Rachel Ou ("Ms. Rachel"), the Poll Administrator to brief the Meeting on the proceedings of the 67th AGM.

The Meeting was informed that the Company would respond to the questions raised by Minority Shareholders Watch Group and those received in advance from shareholders and transmitted by shareholders via the text box after all items on the Agenda had been dealt with.

The Meeting noted that as indicated by the Securities Commission Malaysia, shareholders could rely on real time submission of typed texts to exercise the rights to speak or communicate in a virtual meeting. Therefore, shareholders who attended the 67th AGM remotely could use the text box below the live stream player within the same e-Portal page to submit their questions or remarks in real time during the Meeting.

The Meeting was further informed that the Company endeavours to respond to all questions relevant to the Agenda items during the Meeting and any unattended relevant questions or remarks submitted by shareholders would be responded to via email after the conclusion of the Meeting.

Ms. Rachel then briefed the Meeting that as there was no legal requirement for a proposed resolution to be seconded, the Chairman would take the Meeting through each item on the Agenda. The voting module had been made accessible to all shareholders to submit their votes from the start of the Meeting and shall continue to be accessible until the closure of the voting session.

Ms. Rachel informed that there were shareholders who had appointed the Chairman of the Meeting to vote on their behalf. Accordingly, the Chairman would be voting in his capacity as proxy in accordance with the shareholders' voting instructions, where indicated.

The Meeting noted on the voting procedure as explained by the step-by-step guide together with a short audio clip on the online voting module within the e-Portal.

The Chairman thereafter invited Mr. Loh Kam Chuin, the Chief Executive Officer (“CEO”) to give a presentation on the Company’s activities and results, before proceeding with the Meeting proper.

After Mr. Loh’s presentation, the Chairman proceeded with the first item on the Agenda of the Meeting.

**3. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

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The first Agenda was to receive the Audited Financial Statements for the financial year ended 31 March 2021 together with the Reports of the Directors and Auditors thereon (“Audited Financial Statements”).

The Chairman informed the Meeting that this Agenda was meant for discussion only as Section 340(1)(a) of the Companies Act 2016 did not require a formal approval by the shareholders. Hence, it was not put for voting.

The Audited Financial Statements which had been circulated to all the members of the Company within the statutory period were tabled to the Meeting.

The Chairman then declared that the Audited Financial Statements were received and noted.

**4. DIRECTORS’ FEES**

The Chairman informed the Meeting that the next item on the Agenda was to approve the payment of Directors’ fees amounting to RM637,500 for the financial year ended 31 March 2021.

The Chairman further informed that each Non-Executive Director was entitled to a Director’s fee of RM75,000 per annum. The proposed Directors’ fees represent an increase of RM15,000 per Director from the last financial year. Tan Sri Mazlan bin Mansor was appointed to the Board on 1 October 2020 and was entitled to a pro-rated Director’s fee of RM37,500.

The Meeting further noted that the interested Non-Executive Directors would abstain from voting on Ordinary Resolution 1 at this Meeting to comply with the Guidance of the Malaysian Code on Corporate Governance (“MCCG”).

**5. DIRECTORS’ BENEFITS**

The Chairman informed that in accordance with Section 230(1) of the Companies Act 2016, the fees and benefits payable to the directors of a public listed company shall be approved at a general meeting.

Hence, Agenda no. 3 was to seek shareholders' approval for the payment of Directors' benefits to the Non-Executive Directors of the Company up to an aggregate amount of RM700,000 for the period from 24 September 2021 until the next Annual General Meeting of the Company.

The Chairman informed that the Directors' benefits payable for the said period comprise allowances and other emoluments payable to the Non-Executive Directors of the Company. In determining the estimated total Directors' benefits, the size of the Board and Board Committees and the number of meetings estimated to be held during the period were taken into consideration.

The Meeting noted that the interested Non-Executive Directors would abstain from voting on Ordinary Resolution 2 to comply with the Guidance of the MCCG.

**6. RE-ELECTION OF TAN SRI MAZLAN BIN MANSOR PURSUANT TO CLAUSE 103 OF THE COMPANY'S CONSTITUTION**

The Chairman informed that Tan Sri Mazlan bin Mansor, who was appointed as Director of the Company during the financial year, shall retire pursuant to Clause 103 of the Company's Constitution, and being eligible, had offered himself for re-election.

The Chairman further informed that Tan Sri Mazlan bin Mansor's profile was set out on page 6 of the Annual Report 2021.

The Meeting noted that in line with Practice 5.1 of the MCCG 2017, the Board, through its Nomination & Remuneration Committee had conducted annual assessments on each of the Directors based on the relevant performance criteria. The Meeting further noted that the details of the assessment were disclosed on pages 27 and 28 of the Corporate Governance Report which was also available on the Company's website.

**7. RE-ELECTION OF DIRECTORS PURSUANT TO CLAUSE 118 OF THE COMPANY'S CONSTITUTION**

The Chairman informed that Puan Shalina Azman, Mr. Tan Bun Poo and himself, the Directors who retired by rotation pursuant to Clause 118 of the Company's Constitution and being eligible, had offered themselves for re-election.

The Chairman further informed that the abovesaid Directors' profiles were set out on pages 6, 7 and 9 of the Annual Report 2021.

The Chairman highlighted that the details of the assessment on each of the Directors were disclosed on pages 27 and 28 of the Corporate Governance Report.

**8. RE-APPOINTMENT OF AUDITORS**

The Chairman informed that the next item on the Agenda was to re-appoint Auditors and to authorise the Directors to fix their remuneration.

The Meeting noted that the resolution was proposed by the Board based on its Audit Committee's recommendation, and having satisfied with the results of the annual assessment of the Auditors, Deloitte PLT. The Auditors, Deloitte PLT had also expressed their willingness to continue in office.

**9. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016**

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The Meeting proceeded to consider the ordinary resolution on giving authority to the Directors to issue shares pursuant to Section 75 of the Companies Act 2016.

The Chairman briefed that the Ordinary Resolution 8, if passed, would give the Directors, the authority to issue and allot ordinary shares of not more than ten per centum (10%) of the total number of issued shares of the Company, for such purposes as the Directors consider would be in the interest of the Company.

The Meeting noted that the aforesaid authority, unless revoked or varied in general meeting, would expire at the next Annual General Meeting.

**10. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPTs")**

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The Chairman informed that the next item on the Agenda was to approve the Proposed Shareholders' Mandate for RRPTs.

The Chairman briefed that the rationale of the Ordinary Resolution 9 was to allow the Company and its subsidiaries to enter into RRPTs with the related parties as specified in Section 2.2 of the Circular to Shareholders.

The Meeting noted that the interested Directors and major shareholders were detailed out in Section 2 of the Circular to Shareholders. The aforesaid interested parties together with persons connected to them would abstain from voting on this resolution.

**11. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The next item on the Agenda was to approve the proposed purchase by the Company of its own shares of up to ten per centum (10%) of the total number of issued ordinary shares of the Company.

The Meeting noted that additional information on the Proposed Renewal of Share Buy-Back Authority was set out in the Share Buy-Back Statement, which was available on the Company's website.

**12. ANY OTHER BUSINESS**

The Meeting noted that no notice was received for transacting any other business at this Meeting.

**13. QUESTIONS AND ANSWERS SESSION**

At this juncture, the Chairman invited Mr. Loh Kam Chuin, the CEO to present the Company's responses to the questions raised by Minority Shareholders Watch Group in its letter dated 10 September 2021, annexed hereto as Appendix A, as well as the Company's responses to questions received in advance from shareholders prior to this Meeting, summary of which was annexed hereto as Appendix B.

After Mr. Loh's presentation, the Meeting proceeded to answer questions submitted by shareholders via text box at this Meeting. Upon answering questions raised by shareholders, summary of which was annexed hereto as Appendix C, the Meeting proceeded with the poll voting session.

The Meeting noted that for those relevant questions that were not answered, the Company would respond via email after the Annual General Meeting.

**14. POLLING PROCESS**

At this juncture, the Chairman requested shareholders, proxies and corporate representatives to submit their votes as the voting session would continue for another ten (10) minutes.

The Meeting proceeded with the casting of votes and verification of votes results by Independent Scrutineers, Commercial Quest Sdn. Bhd.

**15. ANNOUNCEMENT OF POLL RESULTS**

The Meeting resumed at 11.52 a.m. and the Chairman announced the results of the poll voting.

The results of the poll voting were as follows:

Resolutions	Voted For		Voted Against		Result
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 1 To approve the payment of Directors' fees of RM637,500 for the financial year ended 31 March 2021.	237,220,293	99.8756	295,448	0.1244	Carried
Ordinary Resolution 2 To approve the Directors' benefits to the Non-Executive Directors of the Company up to an aggregate amount of RM700,000 for the period from 24 September 2021 until the next Annual General Meeting of the Company.	236,556,168	99.5943	963,573	0.4057	Carried
Ordinary Resolution 3 To re-elect Tan Sri Mazlan bin Mansor, who retires pursuant to Clause 103 of the Company's Constitution, as Director.	238,301,750	99.9853	34,990	0.0147	Carried

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Ordinary Resolutions	Voted For		Voted Against		Result
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 4 To re-elect Encik Shahman Azman, who retires pursuant to Clause 118 of the Company's Constitution, as Director.	238,087,575	99.8955	249,165	0.1045	<b>Carried</b>
Ordinary Resolution 5 To re-elect Puan Shalina Azman, who retires pursuant to Clause 118 of the Company's Constitution, as Director.	238,206,375	99.9453	130,365	0.0547	<b>Carried</b>
Ordinary Resolution 6 To re-elect Mr. Tan Bun Poo, who retires pursuant to Clause 118 of the Company's Constitution, as Director.	238,306,475	99.9873	30,265	0.0127	<b>Carried</b>
Ordinary Resolution 7 To re-appoint Deloitte PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	238,177,025	99.9313	163,815	0.0687	<b>Carried</b>
Ordinary Resolution 8 Authority to issue shares pursuant to Section 75 of the Companies Act 2016.	235,302,300	98.8152	2,821,340	1.1848	<b>Carried</b>
Ordinary Resolution 9 Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	24,464,942	99.5827	102,515	0.4173	<b>Carried</b>
Ordinary Resolution 10 Proposed Renewal of Share Buy-Back Authority.	238,160,038	99.9535	110,802	0.0465	<b>Carried</b>

Based on the results of the poll voting, the Chairman declared that the following Ordinary Resolutions 1 to 10 CARRIED:

**ORDINARY RESOLUTION 1**

THAT the payment of Directors' fees of RM637,500 for the financial year ended 31 March 2021 be and is hereby approved.

**ORDINARY RESOLUTION 2**

THAT the payment of Directors' benefits to the Non-Executive Directors of the Company up to an aggregate amount of RM700,000 for the period from 24 September 2021 until the next Annual General Meeting of the Company be and is hereby approved.

**ORDINARY RESOLUTION 3**

THAT Tan Sri Mazlan bin Mansor retiring pursuant to Clause 103 of the Company's Constitution, be and is hereby re-elected as Director of the Company.

**ORDINARY RESOLUTION 4**

THAT Encik Shahman Azman retiring pursuant to Clause 118 of the Company's Constitution, be and is hereby re-elected as Director of the Company.

**ORDINARY RESOLUTION 5**

THAT Puan Shalina Azman retiring pursuant to Clause 118 of the Company's Constitution, be and is hereby re-elected as Director of the Company.

**ORDINARY RESOLUTION 6**

THAT Mr. Tan Bun Poo retiring pursuant to Clause 118 of the Company's Constitution, be and is hereby re-elected as Director of the Company.

**ORDINARY RESOLUTION 7**

THAT Deloitte PLT be and is hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Directors be and are hereby authorised to fix their remuneration.

**ORDINARY RESOLUTION 8**

**AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016**

THAT subject always to the Companies Act 2016, provisions of the Company's Constitution and the approval from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 75 of the Companies Act 2016 to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

**ORDINARY RESOLUTION 9**

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

THAT subject to Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given for the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.2 of the Circular to Shareholders dated 25 August 2021, provided that the transactions are in the ordinary course of business which are necessary for day-to-day operations and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company and that the aggregate value of such transactions conducted pursuant to the shareholders' mandate during the financial year be disclosed in the annual report of the Company;

AND THAT such authority conferred shall continue to be in force until:



- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;
- (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 Companies Act 2016 (“Act”) (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution.

#### **ORDINARY RESOLUTION 10**

#### **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

THAT subject to the Companies Act 2016 (“Act”), provisions of the Constitution of the Company, Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements and any other relevant authorities, approval be and is hereby given for the Company to purchase ordinary shares in the Company as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may in their absolute discretion deem fit and expedient in the interest of the Company (“Share Buy-Back Mandate”) provided that:

- (i) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company at any point of time pursuant to the Share Buy-Back Mandate shall not exceed ten per centum (10%) of the total number of issued ordinary shares of the Company for the time being;
- (ii) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its own ordinary shares shall not exceed the Company’s retained profits at the time of purchase(s);
- (iii) the authority conferred by this resolution will be effective immediately upon the passing of this ordinary resolution and will continue to be in force until:
  - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at the general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
  - (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or

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(c) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,

whichever is the earlier;

(iv) the shares so purchased by the Company pursuant to the Share Buy-Back Mandate be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Securities and/or cancelled and/or dealt with by the Directors in the manners allowed by the Act;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as they may consider expedient or necessary to implement and give effect to the Share Buy-Back Mandate.

**16. CLOSURE**

There being no further business, the Chairman concluded the Meeting and thanked all present for their attendance at the fully virtual Annual General Meeting of the Company. The Meeting was closed at 11.53 a.m. with a vote of thanks to the Chair.

**CONFIRMED BY**

(signed)

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**CHAIRMAN**

Dated: 1 November 2021


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NO.	QUESTIONS RAISED BY MINORITY SHAREHOLDERS WATCH GROUP	RESPONSES TO MINORITY SHAREHOLDERS WATCH GROUP
1.	<p><b>OPERATIONAL &amp; FINANCIAL MATTERS</b></p> <p>The level of indebtedness among civil servants remains high with substantial borrowings for consumption purposes e.g., personal financing, motor vehicles, credit cards.</p> <p>As business sustainability and managing regulatory changes are some of the highly prioritized sustainability matters for RCE, what will be the mitigation measures if regulators tighten access to credit for civil servants?</p>	<ul style="list-style-type: none"> <li>• RCE practices responsible financing by offering products tailoring to customers' need and capping monthly repayment at 60% salary deduction set by government agencies.</li> <li>• The Group has always been and will be adhering to all the guidelines that are set by relevant regulatory entities.</li> <li>• We also work closely with our business partners in creating customer awareness through educational posts on their websites and Facebook pages.</li> <li>• Besides, the Group has been focusing on providing quality financing through industry-wide credit underwriting practices in mitigating unforeseen circumstances, including tightening credit access for civil servants.</li> <li>• Out of 1.6 million civil servants in Malaysia, we are currently only serving 1 in every 20 personnel.</li> </ul>
2.	<p>RCE is hopeful of being included as a shariah-compliant counter in November upon passing the review by the Shariah Advisory Council (SAC) of Securities Commission.</p> <p>What does the shariah-compliant status mean to the Group in terms of access to funds and investors?</p>	<ul style="list-style-type: none"> <li>• Inclusion as a shariah-compliant counter will help promote the development of shariah-compliant financing ecosystem in Malaysia.</li> <li>• This also allows a bigger pool of investors, especially shariah-compliant funds to invest in the Group.</li> <li>• The Group has embarked on its journey few years ago to meet the qualitative and quantitative requirements set by Shariah Advisory Council of Securities Commission Malaysia, including establishment of sukuk programmes for funding purposes.</li> <li>• Thus, obtaining shariah-compliant status is a logical step for the Group.</li> </ul>



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NO.	QUESTIONS RAISED BY MINORITY SHAREHOLDERS WATCH GROUP	RESPONSES TO MINORITY SHAREHOLDERS WATCH GROUP
3.	<p>RCE also extends assistance such as loan moratorium to borrowers to mitigate the COVID-19 pandemic's impact on its customers.</p> <p>What are the terms and conditions imposed to qualify for the moratorium? What is the size of loan placed under moratorium against RCE's total loan book?</p>	<ul style="list-style-type: none"><li>• As a non-bank financial institution, RCE is not required to offer financing moratorium.</li><li>• Nevertheless, as a responsible financier, we accommodated and offered up to 6 months moratorium to genuinely affected customers with proper documentation. E.g. customers of their family member(s):<ol style="list-style-type: none"><li>1. who are confirmed COVID-19 patient(s);</li><li>2. who are facing unexpected medical expenses; or</li><li>3. whose spouse's income is affected from unemployment, provided their accounts are not more than 3 months-in-arrears.</li></ol></li><li>• All in all, less than 0.4% [approximately RM7.1 million] of financing receivables are placed under moratorium against our portfolio of RM1.86 billion.</li></ul>


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NO.	QUESTIONS RECEIVED IN ADVANCE FROM SHAREHOLDERS PRIOR TO ANNUAL GENERAL MEETING	RESPONSES FROM MANAGEMENT
1.	How do the Group's net profit margin and asset quality compared to the industry average in the space of civil servants' personal financing?	<p>RCE is considered as a single product company and serves a niche market, especially those unserved and underserved. Whereas, main players like Bank Rakyat and MBSB Bank Berhad have a blended financial products portfolio, and hence, they are not directly comparable to RCE.</p> <p>Nevertheless, RCE has been practising responsible financing, supported by risk-based credit criteria and scoring model, to ensure healthy net profit margin and asset quality of the Group.</p>
2.	Can the Group maintain its current net profit margin when Bank Negara Malaysia raises Overnight Policy Rate (“OPR”) in the future?	RCE has an acceptable profit rate band/range, and if OPR raises, RCE will adjust the pricing accordingly. Besides, RCE Group has always been active in managing its cost of funds.
3.	<p>As shown in Page 19 of Annual Report 2021, gross impaired financing (“GIF”) has reduced from 7.1% a year ago to 6.7% in FYE 2021.</p> <p>(a) What is the range of GIF based on the Group's historical experience?</p> <p>(b) How does the 6.7% compared to industry peers in the same segment?</p> <p>(c) Does Management expect it to worsen despite civil servants enjoying job security?</p>	<p>RCE’s GIF has reduced from 7.2% 5 years ago to 6.7% for FYE 2021.</p> <p>As compared to the industry, RCE Group has been prudent despite improved quality of portfolio.</p> <p>RCE’s GIF has improved in FYE 2021 due to the Group’s sound credit risk management and underwriting policies, as well as better improved Real Gross Domestic Product.</p>



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NO.	QUESTIONS RECEIVED IN ADVANCE FROM SHAREHOLDERS PRIOR TO ANNUAL GENERAL MEETING	RESPONSES FROM MANAGEMENT
4.	<p>As shown in Page 4 of Annual Report 2021, gearing ratio has declined steadily from 2.39x in FYE 2017 and 1.39x in FYE 2021. What are the Management's considerations to reduce gearing to low level? Will the trend continue? What is the optimal gearing ratio?</p>	<p>The decline in gearing ratio mainly resulted from the high cash reserves in the sinking funds of RCE's sukuk programme arising from the high refinancing activities and early settlement income.</p> <p>There is no cap imposed by major financiers or credit rating agency and this is not RCE's intended strategy.</p>
5.	<p>Larger peers like Bank Rakyat also have salary deduction scheme for civil servants. How does the Group differentiate itself from its peers?</p>	<p>RCE does not compete on rates with banks as RCE is not a deposit taking institution.</p> <p>RCE's competitive advantage is fast, reliable and efficient service. RCE is able to provide financing within 48 hours upon submission of complete financing applications from customers. Besides, there is an extensive coverage, i.e. customers are approached by RCE's Marketing Representatives nationwide.</p>
6.	<p>The Edge wrote on 20 February that "RCE tends to do well when economy is bad as civil servants stay on to their jobs. During good time civil servants leave jobs and salary reduction stops".</p> <p>What was the experience in the previous cycle? What are the safeguard measures when salary reduction stops?</p>	<p>No significant change was observed during good or bad times concerning whether civil servants stay or leave their existing jobs. Thus far, RCE has not seen any unusual patterns or trends on this.</p> <p>In terms of safeguard measures when salary reduction stops, the financing recovery efforts were akin to those of financial institutions, whereby RCE will proceed with legal means to recover the financing from customers.</p>
7.	<p>There was a higher early settlement income arising from refinancing activities by customers. Does it mean customers refinance with other institutions with more attractive offering?</p>	<p>While some customers refinanced with other financial institutions, a majority of customers refinanced with RCE as well.</p> <p>Seasoned financing are generally ripe for refinancing, allowing customers to obtain a higher financing limit.</p>



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NO.	QUESTIONS RECEIVED IN ADVANCE FROM SHAREHOLDERS PRIOR TO ANNUAL GENERAL MEETING	RESPONSES FROM MANAGEMENT
8.	While the early settlement income provides a one time boost to earning, does it mean a loss of future recurring income from the customers? How does the Management view this tradeoff?	<p>In financing industry, it is common for customers to refinance amidst low profit rate environment as they have better repayment eligibility.</p> <p>There will be some losses of future income when customers refinance with other financial institutions, nevertheless, there are also customers from other financial institutions to refinance with RCE.</p>
9.	As explained in last year AGM, EXP Payment Sdn. Bhd. (“EXP”) handles approximately 65% of the collection. What stop EXP from extending its salary deduction to more agencies?	RCE Group has 2 business partners with different salary deduction codes. This is to diversify the concentration risk.
10.	What is the annual fee paid to Biro Perkhidmatan Angkasa (“BPA”) for the use of its service?	The fee charged by BPA is in the range of 0.6% to 2.0% on monthly collection.
11.	The Group also offered 6-month targeted moratorium to genuinely affected customers. What is the percentage of customers covered? What is the expected cost?	Overall, less than 0.4% (approximately RM7.1 million) of financing receivables were placed under moratorium against RCE’s portfolio of RM1.86 billion as at 31 August 2021.
12.	The Group joins a consortium that includes Paramount Corporation Berhad and Star Media Group Berhad to apply for digital banking license. How does the Group plan to exploit the synergy with its current business?	<p>The consortium partners are diverse, financially strong and reputable in their respective fields and RCE believes it has the right mix of qualities and experience to be a success.</p> <p>RCE remains cautiously optimistic that this proposal carries the right appeal with Bank Negara Malaysia.</p> <p>This is also in line with RCE Group’s strategy to embrace newer technologies.</p>



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NO.	QUESTIONS SUBMITTED BY SHAREHOLDERS/PROXIES VIA TEXT BOX DURING ANNUAL GENERAL MEETING	RESPONSES FROM MANAGEMENT
1.	Kindly give us some e-vouchers, food vouchers or e-wallet (no discount vouchers please) for being loyal shareholders and attending this meeting.	RCE indicated in its Administrative Guide for the Annual General Meeting (“AGM”) that RCE will not be giving vouchers or gifts for shareholders who participate in the AGM. Instead, RCE has been diligently rewarding shareholders through the payment of the dividends.
2.	Can RCE hold hybrid AGM in the future? Shareholders who choose not to travel to the physical venue can still participate.	Based on the records, approximately 40% of RCE’s shareholders have their registered address outside of Klang Valley, thus having a virtual meeting will certainly be more convenient for them to participate in the AGM. Hence, depending on the development of the COVID-19 pandemic situation next year, RCE will consider to continue holding virtual meeting for next year’s AGM.
3.	<p>The Weighted Average Effective Profit Rate (“WAEPR”) for the Financing Receivables was lower at 12.90% in FYE 2021 compared to 13.25% in FYE 2020.</p> <p>What are the reason(s) for the decline in the WAEPR in FY2021 vs FYE 2020?</p> <p>Has there been further reduction in the WAEPR for Financing Receivables in the first quarter of FYE 2021?</p> <p>What are the steps taken by Management to manage the decline in the WAEPR?</p>	<p>RCE Group took advantage of the overall lower cost of funds and repriced its range of products accordingly to boost sales.</p> <p>The slight drop in the WAEPR was in fact anticipated.</p>
4.	Will RCE plan to issue bonus share in future?	RCE has no plan for the bonus issue at the moment and if the Board of Directors’ of RCE decided to do so, RCE will make an immediate announcement to Bursa Malaysia Securities Berhad.





## RCE CAPITAL BERHAD

Registration No. 195301000151 (2444-M)

NO.	QUESTIONS SUBMITTED BY SHAREHOLDERS/PROXIES VIA TEXT BOX DURING ANNUAL GENERAL MEETING	RESPONSES FROM MANAGEMENT
5.	The recovery from the COVID-19 pandemic will result in a normalisation of interest rates around the world including Malaysia. As the Company substantially depend on external funds in providing financing services to its customers, what are the steps taken currently to capitalise on the low interest rates environment before the resumption of interest rate hikes?	RCE has been actively managing its cost of funds and the Group will take advantage of the low interest rate environment to issue sukuk. RCE has always been striving to stay ahead of the situation and takes all necessary actions to ensure that it continues to earn a certain margin.
6.	What are the digital efforts done by the Company?	RCE constantly identifies key technology initiatives to support the business strategy and drives business priorities.
7.	What is the 5 year plan for the Company to create growth for shareholders?	RCE continues to focus on quality financing whilst embracing digitalisation and ensuring sustainable return to shareholders.
8.	How will the Group deal with the financing base that increase in a slower pace even may decrease in future. Since civil servants salary increment is very low, what method is taken by the Group to seek more customers to borrow money from the Group?	RCE's growth is non-cyclical over the years and demand remains firm. Economic uncertainty is not necessary bad for RCE as customers resort to financing during economic uncertainty. RCE will always be cautious as quality of receivables are important to the Group.
9.	What is the impact on RCE's bottom line if Overnight Policy Rate ("OPR") increases gradually in 2022-2023?	The sensitivity analysis had been disclosed in RCE's audited financial statements which is available on page 157 of RCE's Annual Report 2021.
10.	The Chief Executive Officer in his presentation disclosed that excess funds from the sukuk sinking funds are used to "purchase additional receivables". Please elaborate further how would this benefit the Company financially?	The sukuk programme is asset-backed and therefore, eligible receivables are ring fenced for each tranche issuance. Collections from the receivables, especially from early settlements, have resulted in an excess cash in the sinking funds and therefore resulting in negative carry. The revolving option structure allows the excess funds to be taken out from the sinking funds to purchase additional receivables and conduct more sales.
11.	Among all application for the digital banking license, there are many other big companies who also apply for it. What does the success rate of the Group to win this license?	RCE remains cautiously optimistic that this proposal carries the right appeal with Bank Negara Malaysia.



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NO.	QUESTIONS SUBMITTED BY SHAREHOLDERS/PROXIES VIA TEXT BOX DURING ANNUAL GENERAL MEETING	RESPONSES FROM MANAGEMENT
12.	How do the Board and the Company deal with Government's move to right sizing the civil service, with some branch of service to be privatised/corporatised in near future, as well as the digitalisation of government day-to-day operations?	Management believes that right sizing usually corresponds with salary adjustment which may provide RCE an opportunity of having higher income civil servant customers as a whole. As for the digitalisation of government day-to-day operations, even with such transformation, manpower is still required with the need to retooling or repositioning. Moreover, out of the 1.6 million civil servants in Malaysia, RCE currently is only serving 1 in every 20 civil servants as its customers.
13.	Recent observations on Bursa Malaysia listed companies buying back their shares from the open market has seen more proactive action to enhance shareholders' value for the shares held as treasury shares. Actions taken included: (1) distributing shares back to shareholders as dividend in species (2) transferring shares to ESS thus reducing the need to issue new shares from exercise of share options (3) cancelling treasury shares.  Can the Board/Management comment on the above?	RCE currently holds approximately 22 million treasury shares. There were no shares bought back during the entire financial year ended 31 March 2021.  RCE does not have any plans for its treasury shares for the time being and if there is any, RCE will make the relevant announcement to Bursa Malaysia Securities Berhad.
14.	Are the customers of RCE Group 100% consisting of public servants? Or the customer base also includes some non-public servant customers?	Customers from consumers financing are 100% civil servants while customers from factoring and confirming are non-public servant.