

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

Minutes of the Sixty-Eighth Annual General Meeting (“68th 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 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, 8 September 2022 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
Encik Mahadzir bin Azizan
Mr. Thein Kim Mon
Mr. Soo Kim Wai
Puan Shalina Azman
Mr. Lum Sing Fai
- Shareholders and Proxyholders : 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)
- Auditors : Mr. Mak Wai Kit (representative of Deloitte PLT)

1. NOTICE

The Chairman welcomed shareholders, proxyholders (collectively “shareholders”) and invitees to the live streaming of the Company’s 68th AGM.

The Chairman informed that in line with the Guidance on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, this Meeting was 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 the proposed resolutions set out in the Notice of 68th 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. Chua Siew Chuan, the Poll Administrator to brief the Meeting on the proceedings of the 68th AGM.

Ms. Chua informed 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 68th AGM remotely could use the text box within the Securities Services e-Portal ("SS e-Portal") to submit their questions or remarks in real time during the Meeting.

Ms. Chua further informed that the Company would respond to the questions received in advance from shareholders and those transmitted by shareholders via the text box after all items on the Agenda had been dealt with. The Company would endeavour to respond to all questions relevant to the Agenda items during the Meeting.

Ms. Chua 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 would continue to be accessible until the closure of the voting session.

Ms. Chua 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 the voting procedure as explained by the step-by-step guide together with a short audio clip on the online voting module within the SS e-Portal.

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

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

3. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The first Agenda was to receive the Audited Financial Statements for the financial year ended 31 March 2022 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. PAYMENT OF DIRECTORS’ FEES OF RM675,000 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

The Chairman informed the Meeting that the next item on the Agenda was to approve the payment of Directors’ fees of RM675,000 for the financial year ended 31 March 2022.

The Chairman further informed that each Non-Executive Director was entitled to a Director’s fee of RM75,000 per annum, the basis of which was the same as previous year.

The Meeting 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 TO THE NON-EXECUTIVE DIRECTORS OF THE COMPANY UP TO AN AGGREGATE AMOUNT OF RM750,000 FOR THE PERIOD FROM 9 SEPTEMBER 2022 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY

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 RM750,000 for the period from 9 September 2022 until the next Annual General Meeting of the Company.

The Chairman further informed that the Directors' benefits payable for the said period comprised 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 DIRECTORS PURSUANT TO CLAUSE 118 OF THE COMPANY'S CONSTITUTION

The Chairman informed that Datuk Mohamed Azmi bin Mahmood, Encik Mahadzir bin Azizan and Mr. Soo Kim Wai, 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 Meeting noted that in line with Practice 6.1 of the MCCG, the Board, through its Nomination & Remuneration Committee had conducted annual assessment on each of the Directors based on the relevant performance criteria. The details of the assessment were disclosed on pages 42 and 43 of the Corporate Governance Report which was also available on the Company's website.

The Chairman further informed that the abovesaid Directors' profiles were set out on pages 7 and 8 of the Annual Report 2022.

7. RE-APPOINTMENT OF AUDITORS AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

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 the Audit Committee's recommendation, and having been 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.

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

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 7, 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.

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

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 8 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 dated 27 July 2022.

The Meeting noted that the interested Directors and major shareholders were detailed 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.

10. 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 dated 27 July 2022, which was available on the Company's website.

11. ANY OTHER BUSINESS

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

12. 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 received in advance from shareholders prior to this Meeting, summary of which was annexed hereto as Appendix A.

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

13. POLLING PROCESS

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

The Meeting was then adjourned for shareholders and proxies to cast their votes, before proceeding with the verification of votes results by the Independent Scrutineers, Commercial Quest Sdn. Bhd.

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14. ANNOUNCEMENT OF POLL RESULTS

The Meeting resumed at 11.49 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 RM675,000 for the financial year ended 31 March 2022.	464,241,032	99.9750	116,087	0.0250	Carried
Ordinary Resolution 2 To approve the Directors' benefits to the Non-Executive Directors of the Company up to an aggregate amount of RM750,000 for the period from 9 September 2022 until the next Annual General Meeting of the Company.	463,719,955	99.8628	637,164	0.1372	Carried
Ordinary Resolution 3 To re-elect Datuk Mohamed Azmi bin Mahmood, who retires pursuant to Clause 118 of the Company's Constitution, as Director.	465,496,744	99.9223	361,971	0.0777	Carried
Ordinary Resolution 4 To re-elect Encik Mahadzir bin Azizan, who retires pursuant to Clause 118 of the Company's Constitution, as Director.	465,628,938	99.9507	229,777	0.0493	Carried
Ordinary Resolution 5 To re-elect Mr. Soo Kim Wai, who retires pursuant to Clause 118 of the Company's Constitution, as Director.	465,156,845	99.8493	701,870	0.1507	Carried
Ordinary Resolution 6 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.	465,679,634	99.9616	179,081	0.0384	Carried
Ordinary Resolution 7 Authority to issue shares pursuant to Section 75 of the Companies Act 2016.	456,867,953	98.0701	8,990,762	1.9299	Carried
Ordinary Resolution 8 Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	36,540,739	99.7701	84,214	0.2299	Carried
Ordinary Resolution 9 Proposed Renewal of Share Buy-Back Authority.	465,549,007	99.9635	169,908	0.0365	Carried

Based on the results of the poll voting, the Chairman declared that the following Ordinary Resolutions 1 to 9 CARRIED:

ORDINARY RESOLUTION 1

THAT the payment of Directors' fees of RM675,000 for the financial year ended 31 March 2022 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 RM750,000 for the period from 9 September 2022 until the next Annual General Meeting of the Company be and is hereby approved.

ORDINARY RESOLUTION 3

THAT Datuk Mohamed Azmi bin Mahmood retiring pursuant to Clause 118 of the Company's Constitution, be and is hereby re-elected as Director of the Company.

ORDINARY RESOLUTION 4

THAT Encik Mahadzir bin Azizan 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 Mr. Soo Kim Wai 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 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 7

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 8
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 27 July 2022, 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 9
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
 - (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.

15. CLOSURE

There being no further business, the Chairman concluded the Meeting and thanked all present for their attendance at the fully virtual 68th AGM of the Company. The Meeting closed at 11.50 a.m. with a vote of thanks to the Chair.

CONFIRMED BY

(signed)

CHAIRMAN

Dated: 20 October 2022



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NO.	QUESTIONS RECEIVED IN ADVANCE FROM SHAREHOLDERS PRIOR TO ANNUAL GENERAL MEETING	RESPONSES FROM MANAGEMENT
1.	<p><u>Financing</u></p> <p>As shown in 2021 Annual General Meeting (“AGM”) presentation, there is a huge jump in average financing size from RM18,200 in FYE 2020 to RM27,900. Number of accounts have reduced from 134,600 to 131,900.</p> <p>(a) Why there is still change in trend in the customer profile? (b) What does the higher concentration imply for financing quality?</p>	<p>There has been no change in the customer profile. The higher concentration was mainly due to higher refinancing, and the quality of RCE’s financing had improved in recent years.</p>
2.	<p>The growth in revenue and financing receivables have slowed considerably in the recent years (refer page 5 of Annual Report).</p> <p>As Bank Negara Malaysia forecasted economic growth in 2022 to be between 5.3% and 6.3%, does management foresee this year topline growth to at least match, if not better, than Malaysian gross domestic product growth?</p>	<p>RCE does not provide guidance for growth. Nevertheless, RCE would strive to track its financing receivables’ growth with industry average.</p>
1.	<p><u>Overnight Policy Rate</u></p> <p>Note 34(c) (refer page 161 of Annual Report) explains that “if profit rate had been fifty (50) basis points lower/higher, with all other variables held constant, the Group’s profit for the financial year would increase/decrease by RM1,668,754 (2021: RM1,706,033)”.</p> <p>I would like to understand how does the profit rate correlate with overnight policy rate (“OPR”) and 10-Year (“10Y”) Malaysian government securities yield?</p> <p>(a) OPR increased from 1.75% to 2.25% from May to July 2022. What was the increase in profit rate in response to 50 basis points increase in OPR? (b) 10Y government bond yield increased from about 3.7% in January 2022 to a height of 4.5% in May 2022. What was the increase in profit rate during that time?</p>	<p>Profit rates do not necessarily increase correspondingly with OPR rates. The disclosures in the balance sheet were in compliance with the Malaysian Financial Reporting Standards requirements and was merely a sensitivity analysis. If the OPR increases by 50 basis points, the profit rate may not increase accordingly as it represents only a small portion of the overall portfolio that would be affected. The profit rate also depends on the different sources of financing such as fixed rate securities and Sukuk issued, whereby the impact of the OPR may not be significant if the Group’s financing liabilities comprise sizeable Sukuk.</p>



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NO.	QUESTIONS RECEIVED IN ADVANCE FROM SHAREHOLDERS PRIOR TO ANNUAL GENERAL MEETING	RESPONSES FROM MANAGEMENT
2.	<p>Page 19 of Annual Report mentions that “the Group is in the position to re-price our financing products in tandem with the OPR increase”.</p> <p>(a) Does repricing is restricted to new financing only? Note 34(b) shows that all financing receivables are fixed rate.</p> <p>(b) Has repricing happened since the publication of Annual Report?</p>	<p>Repricing of products is only applicable to new financing and RCE could introduce new financing instead of changing its existing products. In this regard, RCE had also been launching new financings.</p>
1.	<p><u>Net Profit Margin</u></p> <p>RHB Bank Berhad (“RHB”) analyst also mentioned that “To mitigate the net profit margin pressures, RCE Capital Berhad (“RCE”) is focusing on higher-profit rate products to boost asset yields”.</p> <p>(a) What are the examples of higher profit rate products? Will they be riskier?</p> <p>(b) What is the range of profit rate across different products?</p>	<p>RCE’s product pricing is guided by amongst others, the credit scoring model, underwriting criteria and funding costs. The product in general is largely dependent on the market and RCE needs to strike a balance in terms of pricing. Generally, the profit rates of products range from 5.99% to 9.99% per annum.</p>
1.	<p><u>Impairment</u></p> <p>1Q FYE 2023 allowances for impairment loss is RM8.2 million, versus RM11.5 million for the full year FYE 2022. RHB analyst reported that 1Q FYE 2023 net profit declined “mainly due to the full impairment of accounts that dropped off from the salary deduction scheme. There were noticeable resignations and early retirements within the academic and healthcare sectors”.</p> <p>(a) Does it mean that when a customer drops off from the salary deduction scheme, the management conservatively assumes that 100% of the outstanding financing as impaired?</p> <p>(b) Based on past experience, how many percent of the financing will still be serviced or eventually recovered?</p> <p>(c) What are the possible triggers for increase in resignations and early retirements?</p> <p>(d) What is the expected trend in provisioning in the coming quarters?</p>	<p>Regardless of recovery rate, all accounts dropping off the salary deduction scheme were immediately classified as non-performing financing and fully impaired. The increase in resignations and early retirements observed was in line with newspaper reports and as presented by the Chief Executive Officer (“CEO”) in his earlier presentation on RCE’s results and outlook.</p> <p>It was too premature for RCE to comment further on the recovery rates in these uncertain times after 2 years of lockdown due to the pandemic.</p>



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1.	<p><u>Sukuk</u></p> <p>RM124 million of the RM1.11 billion Sukuk issued by Zamarad Assets Berhad (“ZAB”) was internally subscribed. As explained in the past AGM, these are Class C subordinated Sukuk.</p> <p>Does it mean that in the unlikely event of massive default, RCE will absorb all the loss up to RM124 million before Class A and B Sukuk holders suffer any losses?</p>	<p>Under the Sukuk Murabahah programme, as a Class C noteholder, RCE would only receive any residual principals and profits after Class A and Class B noteholders were fully paid on their principals and profits. Hence, RCE would absorb losses of up to RM124 million if there was an unlikely event of massive default.</p>
1.	<p><u>Ratios</u></p> <p>The return on average equity (“ROAE”) has gradually decreased from 18.5% in FYE 2018 to 16.2% in FYE 2022. It has further reduced to 14.8% in 1Q FYE 2023.</p> <p>(a) What are the reasons for the decline ROAE? (b) How to increase return on equity or profitability? (c) What is the management's expectation or target for FYE 2023?</p>	<p>These matters have been covered in the CEO’s earlier presentation.</p> <p>The decline of the ROAE was mainly due to a higher equity base. RCE does not provide earnings guidance with regard to Management’s expectations or target for FYE 2023.</p>
2.	<p>Net gearing ratio has steadily declined from 2.12 times in FYE 2018 to 1.15 times in FYE 2022 (refer page 4 of Annual Report). As explained in 2021 AGM, “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”. In response, ZAB has introduced Sukuk with Revolving Option feature to utilise excess funds from the sinking funds (refer page 20 of Annual Report).</p> <p>(a) As of 30 June 2022, the balance of cash and deposits stand at RM821 million. How much of it can be considered as excess fund? (b) How long will it take to put these excess fund to better use? (c) What is the additional net profit that could be generated if all the excess fund is utilised?</p>	<p>RCE cannot ascertain how much of the excess funds can be utilised as of now as the revolving features have just been introduced and it is too early to comment. The build-up of excess funds takes time to accumulate and it also depends on the acceleration of early settlements. RCE would like to use the excess funds to generate more income from financing, rather than from fixed deposits, subject to meeting pre-set terms, i.e. RCE would also need to maintain these funds in sinking funds to repay all the obligations due semi-annually.</p>



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1.	<p><u>Digital Banking</u></p> <p>The consortium consisting of RCE failed to bid for the digital banking license.</p> <p>Some of the winning consortium have trove of consumer data which can enable them to price and distribute unsecured loans to the civil servant with fast turnaround too.</p> <p>How does the management view and respond to the future threats posed by these new entrants?</p>	<p>As presented by the CEO in his earlier presentation on RCE's results and outlook, RCE participated in the consortium led by Paramount Corporation Berhad to apply for a digital banking license but the consortium's application was unsuccessful. The main thrust of the digital banking license was to cater to underserved and unserved markets. However, the digital banking license could be beneficial to RCE Group as it could complement RCE's core business. Therefore, RCE would remain open to any prospects and keep the options of working with any successful parties. To remain competitive, RCE would continue to improve its delivery system via its ongoing digital transformation.</p>
1.	<p><u>Future AGM</u></p> <p>When physical AGM resumes in the future, can RCE continue to offer the option of virtual participation in the form of virtual AGM? This will allow greater shareholders' participation.</p>	<p>Should RCE decide to move towards physical meeting, RCE would review its AGM mode based on the condition at that point of time.</p>


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NO.	QUESTIONS SUBMITTED BY SHAREHOLDERS/PROXIES VIA TEXT BOX DURING ANNUAL GENERAL MEETING	RESPONSES FROM MANAGEMENT
1.	Is the Company giving any door gift to shareholders attending this AGM?	As stated in the Administrative Guide for the Annual General Meeting (“AGM”), there will be no gifts or vouchers to be distributed to shareholders or proxies who participate at the 68th AGM. Instead, RCE prefers to focus on rewarding shareholders through the payment of dividends.
2.	How would the salary increment and special aid to civil servants announced recently affect RCE?	The salary increment for civil servants, which would be implemented in January 2023, is good news for RCE. Nonetheless, as a responsible financier, RCE would remain vigilant to ensure that its financing is also of quality.
3.	<p>Close to 20% of tranche no. 6 and 7 Sukuk has been internally subscribed, as compared to just about 10% in earlier tranches (refer page 31 of Annual Report).</p> <p>Why the higher internal subscription rate? Was there a lack of demand from the market, or concern over the asset quality?</p>	The higher internal subscription rate for Sukuk tranches 6 and 7 was mainly due to it being a revolving structure with more sub-notes, and the structures were agreed upon by the Joint Lead Arrangers and the Rating agency. In fact, these 2 tranches were in high demand, exceeding 2 times the amount offered.
4.	<p>Note 21 mentions the Group granted financing amounting to RM50.0 million to a customer.</p> <p>What is the nature of the customer?</p> <p>What are the measures implemented to manage the credit risks?</p>	This is a secured business financing arrangement under RCE’s factoring unit and is fully secured. It is a short-term financing and is expected to be fully settled in the near future.
5.	<p>(1) What is the expected CAGR in terms of net profit for the next 3 years?</p> <p>(2) Any significant net profit over the next 2 years?</p>	As guided by Bursa Malaysia Securities Berhad Main Market Listing Requirements, a listed company is prohibited to provide any forward-looking comments. Hence, RCE would not comment on these 2 questions.



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6.	The 45-hours weekly working hours implementation by Government. Does the Company applies to all levels from management to executives, supervisors, and also general workers?	RCE is not affected as the current working hours of its employees are 40 hours per week which were lesser than the working hours prescribed by the Employment Act 1955.
7.	Does new operational cost increase after RM1,500 minimum wages and annual increment of salaries? Does the Company will revise wages and salaries to reduce the overall cost of operation?	There is no impact to RCE as all its employees are paid above the minimum wage.
8.	<p>The Weighted Average Effective Profit Rate (“WAEPR”) for the Sukuk Financing for FY2022 has reduced to 4.85% from 5.24% in FY2021 (Note 34(c) - page 160 of the Annual Report).</p> <p>(1) What is the reason(s) for the reduction in WAEPR in FY2022 although it is classified as a “Fixed rate” financial instrument?</p> <p>(2) With Bank Negara Malaysia expecting to increase the Overnight Policy Rate (“OPR”) further in 2022 and 2023, will there be a similar increase in WAEPR, in particular, the “Floating rate” financing?</p>	<p>RCE issued more Sukuk when OPR dropped by 125 basis points during the pandemic years, leading to lower WAEPR.</p> <p>Floating rate financing is subject to movements in the OPR. Hence, there would definitely be some changes in WAEPR as the OPR changes.</p>
9.	Referring to page 117 of the Annual Report, what is the factor to cause interest income from consumer financing and factoring confirming shown sharply decrease? Any action taken?	RCE had replaced those conventional loans that generate interest income with shariah financing products, thereby increasing profit income to make up for this impact.
10.	How much is RCE’s profit for the latest quarter?	RCE’s profit for the latest quarter ended 30 June 2022 was RM32 million.



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Registration No. 195301000151 (2444-M)

NO.	QUESTIONS SUBMITTED BY SHAREHOLDERS/PROXIES VIA TEXT BOX DURING ANNUAL GENERAL MEETING	RESPONSES FROM MANAGEMENT
11.	<p>Does the Company have the capability on providing full services to industrial (on financing):</p> <ul style="list-style-type: none"> (1) oil and gas (2) chemical (3) marine (4) underground services (5) mining and refining (6) food processing (7) medical (8) energy and utilities <p>What is the goodwill for Company's future plans of level up service provider in the overall industry?</p>	<p>RCE's factoring unit covers some but not all of these areas of financing. RCE is also mindful of environmental, social and governance (ESG) financing. Currently, the factoring unit is more in maintenance mode. All applications received would be assessed accordingly against RCE's credit underwriting criteria.</p>
12.	<p>Referring to page 117 of the Annual Report, what does Management foresee for Murabahah financing's growth? Will Management focus more on Murabahah financing compared to consumer financing? Any future plans for both of the financing activities?</p>	<p>As RCE has been included in Bursa Malaysia Securities Berhad list of shariah compliant securities and FTSE4Good Bursa Malaysia Shariah Index, RCE would now focus on providing Shariah financing products.</p>
13.	<p>As shown in the CEO's presentation slide 19, profit after tax increased 6.8% Year-on-Year ("YoY"), despite financing receivables only increased by 1.8% YoY. Is this mainly due to lower funding cost due to previously low interest rate environment? With the rise of interest rate, will the positive trend reverse, especially if financing receivables growth remains weak?</p>	<p>While there was a positive correlation between revenue and profit after tax line items, the increase was primarily attributed to higher revenue and lower impairment charge, net off by higher tax. Changes in interest rates are one of the factors.</p>
14.	<p>The Company needs to have more female directors on the board.</p>	<p>The Board acknowledges the importance of gender diversity. As disclosed in the Annual Report, the Board targeted to achieve at least 30% women representatives on the Board by financial year ending 2025.</p>