

A-RANK BERHAD
Company No. 633621-X
(Incorporated in Malaysia)

SUMMARY OF THE KEY MATTERS DISCUSSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY HELD AT UJONG PANDANG ROOM, STAFFIELD COUNTRY RESORT, BATU 13, JALAN SEREMBAN-KUALA LUMPUR (COUNTRY ROAD), 71700 MANTIN, NEGERI SEMBILAN DARUL KHUSUS, ON FRIDAY, 8 DECEMBER 2017 AT 10.00 A.M.

1.0 The Chairman invited questions from the shareholders of the Company and proxies for each of the resolutions tabled at the Annual General Meeting.

2.0 The enquiries raised by the shareholders of the Company and proxies were as follows:-

- (a) Who are the Group's main suppliers for raw material, i.e. aluminium ingots?
- (b) The reason for the substantial increase in the Group's inventories in the fourth quarter of the financial year 2017.
- (c) Would the changes in aluminium prices impact the Group negatively?
- (d) The rationale for the disposal of the Group's investment in HongLee Group (M) Sdn Bhd ("HongLee").
- (e) Who are the Group's major local competitors?
- (f) Had the Group undertaken revaluation for its properties, plants and equipment ("PPE")?
- (g) The impact of the appreciation of United States Dollar ("USD") against Malaysian Ringgit on the Group in respect of local market sales since the production involves importing raw materials from overseas.
- (h) The details of the capital expenditure to be incurred in respect of the financial year ending 31 July 2018.
- (i) Whether any cost would be incurred for restarting the machines after an interruption to the production line.
- (j) The reason for the reduction in sales volume for the financial year ended 31 July 2017.
- (k) The Board's strategy in improving business growth for the Group.
- (l) The Group's strategy in mitigating the impact of increase in the price of natural gas.
- (m) The reason for the significant increase in the Group's tax expenses for the financial year ended 31 July 2017 and whether the Group would be entitled to tax incentive from the installation of a new production line.
- (n) The necessity to invest in the new production line for additional capacity despite a drop of sales volume.
- (o) Which are the major export countries for the Group's products?

A-RANK BERHAD (COMPANY NO. 633621-X)

SUMMARY OF THE KEY MATTERS DISCUSSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY HELD AT UJONG PANDANG ROOM, STAFFIELD COUNTRY RESORT, BATU 13, JALAN SEREMBAN-KUALA LUMPUR (COUNTRY ROAD), 71700 MANTIN, NEGERI SEMBILAN DARUL KHUSUS, ON FRIDAY, 8 DECEMBER 2017 AT 10.00 A.M.

- (p) Whether the Group is expected to benefit from the growth in the infrastructure industry in Malaysia.
- (q) The Managing Director's perspective on the Group for the next three to five years.

3.0 Mr Gan Choon Sun, the Executive Director of the Company, addressed the above enquiries on behalf of the Company as follows:

- (a) The Group's main suppliers are Emirates Aluminium, Alcoa and Rio Tinto and all of them are leading and reputable producers of aluminium ingots in the world. Besides buying from the above companies (smelter), the Group also purchases raw materials from traders.
- (b) The increase in the Group's inventories was mainly due to a drop of sales volume in the fourth quarter of the financial year ended 31 July 2017. Despite the drop of sales volume, the raw materials were still being delivered to the Group as the Group had signed a yearly contract with the suppliers for scheduled supply of raw materials, which resulted in excess inventories. Management has subsequently restructured the supply of raw materials with the suppliers and the raw materials stock level has since reduced in the subsequent quarter.
- (c) The Group is expected to be able to pass on the cost of any increase in the aluminium prices to its customers as the orders from customers are priced back-to-back with that of its suppliers, thus reducing the risk of price volatility.
- (d) In view of the continued losses incurred by HongLee over the past two years, Management decided to dispose of the Group's investment in HongLee and focus on the Group's core business.
- (e) The major local competitor for the Group is Press Metal.
- (f) The revaluation was carried out only on 22 Feb 2013 with the adoption of *MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards*.
- (g) For local market sales, the raw materials are imported and priced in USD, thus subjecting the Group to currency exchange risk. However, the impact is marginal as explained in 3.0(c) above.
- (h) The Group intends to incur an estimated amount of RM10 million for capital expenditure for the financial year ending 31 July 2018, which is mainly for the installation of a new production line and upgrading the Group's existing plant and machinery. The new production line will enable the Group to increase its existing output capacity by 1,000 to 1,200 tonnes per month. With the new production line and upgraded machines, the Group aims to achieve operational efficiency and energy saving. In addition, with the installation of the new production line, the Group hopes to achieve more consistency in production and better quality of products.

A-RANK BERHAD (COMPANY NO. 633621-X)

SUMMARY OF THE KEY MATTERS DISCUSSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY HELD AT UJONG PANDANG ROOM, STAFFIELD COUNTRY RESORT, BATU 13, JALAN SEREMBAN-KUALA LUMPUR (COUNTRY ROAD), 71700 MANTIN, NEGERI SEMBILAN DARUL KHUSUS, ON FRIDAY, 8 DECEMBER 2017 AT 10.00 A.M.

- (i) The Group's machines are operated on 24 hours for six days a week and maintenance works are carried out every Sunday. In addition, major maintenance on machines is carried out twice a year during the Chinese New Year and Hari Raya holidays. During maintenance, the machines will be kept warm by a secondary fire to maintain their temperature.
- (j) The drop in sales volume during the financial year ended 31 July 2017 was mainly due to the decreased demand for aluminium from the building and construction industry in Malaysia. The sales volume from the export market has decreased slightly as well.
- (k) The Group's strategy in improving business growth by:
 - maintain the sales volume (local and export);
 - explore the new export markets/oversea customers;
 - improve the operational efficiency and energy saving; and
 - monitor the LME and foreign currency exchange rate (back-to-back).
- (l) The Group will try to pass on the cost of gas price increment to its customers. In addition, Management is in the midst of implementing a manufacturing strategy to achieve operational efficiency, energy and cost saving for the Group via upgrading of machinery and installation of a new burning system.
- (m) The increase in tax expenses was due to the full utilisation during the financial year of the special export incentive brought forward from the preceding financial year. In addition, the Group will claim the reinvestment incentive with the installation of a new production line.
- (n) The main purpose for the installation of a new production line is to enhance operational efficiency, energy saving and consistency for product quality for the Group. The increased capacity achieved from the new production line could be an added benefit to cater for higher demand in the future.
- (o) The Group's export focuses on the South East Asia (Vietnam and Thailand), South Asia (India and Bangladesh) and others.
- (p) The infrastructure's growth could benefit the Group as there should be increase demand for aluminium in the construction of infrastructure.

4.0 Mr Tan Wan Lay, the Managing Director of the Company, informed that he was confident that the Group would be able to perform well in the next three years with a strong management team.