

A-RANK BERHAD
200301031200 (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 WEDNESDAY, 4 DECEMBER 2019 AT 10.00 A.M.

The Chairman invited questions from the floor for each of the resolutions tabled at the AGM.

The questions raised by the shareholders of the Company were as follows:-

- i. Company's business outlook for the next five years, particularly its financial performance;
- ii. The details for the provision of one-off expense of RM1.6 million during the financial year 2019, which relates to the share options granted under the Company's Employees' Share Option Scheme ("ESOS");
- iii. As at the financial year ended 31 July 2019, the total amount received by the Company from the exercise of 1,161,000 share options was RM729,000/ based on the exercise prices of RM0.65 and RM0.46. However, the amount of share capital in respect of the exercise of share options was recorded as RM942,261/- in the Audited Financial Statements for the financial year ended 31 July 2019;
- iv. A total of 48,410,397 bonus shares were issued in respect of the Company's bonus issue of shares on the basis of two bonus shares for every five existing ordinary shares in the Company. However, based on the Company's total number of issued shares of 120,000,000, the bonus shares to be issued should be 48,000,000 only;
- v. Suggested the Board propose a higher dividend amount for the next financial year in view of the enlarged cash and bank balances of the Company for the financial year 2019; and
- vi. The details of the higher short-term funds recorded in the Audited Financial Statements for the financial year ended 31 July 2019.

The Executive Director, Mr Gan Choon Sun and the Chairman/ Independent Non-Executive Director, Dato' Shahrir Bin Abdul Jalil responded to the above questions on behalf of the Board as follow:-

- i. The Company was currently working very hard to strengthen its performance, particularly by improving its operational efficiency. The Board foresaw that the Company would remain profitable for the next financial year. He added that the Group was also currently looking into diversifying its business to increase income sources;
- ii. The one-off expense of RM1.6 million was provided during the financial year 2019 in respect of share options granted under ESOS in accordance with the relevant accounting standards. There was no actual cash outflow in the Company in respect of the said provision of expense as it was merely an accounting treatment;

- iii. The share capital amount of RM942,261/- in respect of the exercise of share options as stated in the Audited Financial Statements for the financial year ended 31 July 2019 comprised an amount of RM213,261/-, which was transferred from the Company's share option reserve upon exercise of share options in accordance with the relevant accounting standards;
- iv. The total number of bonus shares issued under the bonus issue exercise was based on the Company's total number of issued shares of 121,026,000, after taking into account the additional 1,026,000 shares allotted arising from the exercise of share options under ESOS as at the entitlement date of 17 January 2019;
- v. The Company had always adopted a conservative approach in maintaining its cash and bank balances at a healthy level for any unforeseen circumstances as well as maintain a stable dividend pay-out to reward its shareholders; and
- vi. The increase in the Group's short-term funds for the financial year 2019 was mainly due to the reduction of inventories and lower raw material costs. The Group had placed its short-term funds with asset management of financial institutions to earn higher interest rates.