

## **Questions and Answers for Minority Shareholder Watchdog Group during Anzo's 41<sup>st</sup> AGM**

- 1 The Group's lower revenue in FY 2019 was due to lower contribution from the construction division that recorded RM0.2 million in FY 2019 as compared with RM28.8 million in FY 2018. The reason for the low revenue was the result of slow progress of work at the construction site. (Page 8 of Annual Report)**

- a. What was the reason for the slow progress of work at the construction site?**

Our Response: The current property market is facing great challenges due to the current property glut, tight lending policies by financial institutions and poor market sentiments. The sales of our customer project is being affected to a large extent and has hampered their cash flow position. In view of this, Anzo Group also does not want to make any additional financial commitment into the project, which result in the slow progress of work at the construction site.

- b. Does the Group secure construction contract from external parties, if yes, what is the amount?**

Our Response: Yes, the Group has secured construction contract from external parties, total amount is around RM262.3 million, including Porto De Melaka Phase 1 contract which was terminated on 3 October 2019.

- c. What is the order book the Company currently has?**

Our Response: Total order book the Company currently has is RM109.3 million.

- 2 The Group has been incurring losses for the past five years. Please share the plan on how to turnaround the Group as the Construction and Timber Divisions have been recorded losses for the past few years. (Page 4 of the Annual Report)**

Our Response: For timber division, the the Group will continue to focus on its operational efficiency and productivity so that satisfactory results can be achieved for the current financial year.

For construction division, on top of construction work, the Group is expanding its scope to cover some trading of building materials to generate income.

- 3 The Company in its reply to MSWG's letter last year responded that the Company is expected to recover the amount of RM3,686.75 owed by a company, where a director of the Company has substantial financial interest. (Page 60 of Annual Report)**

**Has the Company collected the outstanding amount? If not, why?**

Our Response: As of to date, the Company has collected RM1,000,495 from the said company and will continue to make effort to recover the remaining outstanding sum.

- 4 The Group's trade receivables amount remains about the same in FY 2019 (RM33.1 million) as compared with RM33.2 million in FY 2018. (Page 60 of the Annual Report).**

- a. What is the reason for the trade receivables to remain high especially since the Group's**

**revenue has dropped substantially from RM35.2 million in FY2018 to RM6.2 million in FY 2019?**

Our Response: This is mainly due to trade sum owing by our construction customer amounted to RM32.4 million remain outstanding from FY 2018 to FY 2019.

**b. What are the measures taken to reduce the trade receivables?**

Our Response: At this moment, the Company is negotiating with the construction customer for settlement options via contra properties/cash/preference shares subscriptions. The Company will closely monitoring its trade debtors aging and reviewing the trade debtor's status every quarter together with the Board.

**c. What is the ageing profile of the trade receivables in bands of 90 days to 180 days, 180 days to 1 year and exceeding 1 year. Currently, the Group only disclosed on an ageing band of more than 30 days. Please provide more detailed ageing bands on the trade receivables.**

Our Response: Append below is the ageing profile for our trade receivables:

<u>Pass due period</u>	<u>Outstanding Sum</u> <u>(RM)</u>
< 90 days	273,194
Between 90 to 180 days	60,090
Between 180 days to 1 year	-
> 1 year	32,755,391
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	33,088,675
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#### **Corporate Governance Matters**

**1. The Group's directors' fees and other benefits amounted to RM91,050 for FY 2019. (Page 17 of the Annual Report)**

**What is the reason to propose a RM300,000 payment for the directors' fees and other benefits as this is much higher than the previous year's amount? (Proposed ordinary resolution 2)**

Our Response: This is merely a continuation of our past few years similar resolution. Normally, our Board will decide on the directors' fees and other benefits on a yearly basis after shareholders' mandate.

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