

**ANCOM LOGISTICS
BERHAD**
56TH ANNUAL GENERAL MEETING

Questions raised by
Minority Shareholders Watch Group

SUMMARY

	Questions	Answers
1	Costs of tank farm expansion and source of financing	<ul style="list-style-type: none"> • RM23 million • 80% borrowings and 20% internally generated funds.
2	<p>RM10m refundable deposit from S7</p> <p>Amount owing to holding company</p>	<ul style="list-style-type: none"> • As at todate, we have received RM2 million of the RM10 million. • Balance to be settled via instalments by 31 May 2023 • Inter-co interest at 3.50% per annum.
3	<p>Current fleet size.</p> <p>Average utilisation rate for FY2022</p> <p>Allocated for replacement in FY2023</p>	<ul style="list-style-type: none"> • Fleet consist now is 79 prime movers. Utilization between 70% to 75% in FY2022. • Replacing 3 trucks by December 2022. Purchasing of another 3 trucks in FY2023. However, this is subject to economic conditions.
4	Is the group actively pursuing merger and acquisition opportunities to grow the business?	<ul style="list-style-type: none"> • Original proposal involving the S7 was to inject new business into ALB and Ancom Nylex Berhad will acquire the existing business of ALB. • Still exploring opportunities for mergers and acquisitions to expand the business of the Group.

DETAILED ANSWERS

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OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q1

The management expects the construction of additional 10,000 cbm of tank farm to commence in November 2022.

What is the budgeted cost for the construction of the additional 10,000 cbm of tank farm and how will the capacity expansion be funded?

Company's response

- The cost of the expansion is RM23 million and this has been disclosed on page 87 of the Annual Report under Note 23 Capital Commitments.
- Ancom Chemquest Terminal Sdn Bhd has obtained a loan to finance up to 80% of the costs and balance 20% will be through internally generated funds.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q2

The Heads of Agreement (as supplemented by the Supplemental HOA) with S7 Holdings Sdn Bhd, Merrinton Assets Limited, MY E.G. Capital Sdn Bhd, and Avocat Sdn Bhd relating to the acquisition of new business and disposal of the existing core business of the Company to Nylex (Malaysia) Berhad as part of the group restructuring had expired and lapsed on 15 April 2022.

i) Has the company received the refundable deposit of RM10m from S7 Holdings Sdn Bhd?

ii) At the 54th AGM of the company, it was clarified that the RM10m was funded by repayment of RM2.5m by Ancom Berhad plus a further advance by Ancom Berhad to ANCOMLB of RM7.5m. Was the amount owing to the holding company an interest-bearing advance? If yes, what was the interest rate?

Company's response

- As at todate, the Company has received RM2 million of the total outstanding. S7 Holdings Sdn Bhd ("S7") has agreed to a schedular repayment of the balance outstanding by May 2023. The outstanding sum is secured against shares in S7 and a personal guarantee from a director of S7.
- The amount owing to holding company bears interest at 3.50% per annum during the financial year ended 31 May 2022 as disclosed on page 78 of the Annual Report under Note 16 (d) Trade and Other Payables.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q3

At the 55th annual general meeting last year, the company updated that the trucking division owned 86 trucks.

What is the current fleet size and what was the average utilisation rate for FY2022?

How much is allocated for replacement of trucks in FY2023?

Company's response

- Our current fleet consist of 79 prime movers and utilization is between 70% to 75% in FY2022.
- We are replacing 3 trucks by December 2022, and these trucks are now pending registration with the Road Transport Department.
- Purchase of another 3 trucks are being planned in FY2023. However, this is subject to the economic conditions in view of the current inflationary pressure and the possibility of recession.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q4

The group's annual revenue has been flattish for the past 8 years since FY2015, ranging between RM28.3m and RM32.4m. Besides the planned expansion of capacity of tank farm, is the group actively pursuing merger and acquisition opportunities to grow the business?

Company's response

- We refer to Question 2 of this letter. The original proposal involving the S7 was to inject new business into ALB and Ancom Nylex Berhad will acquire the existing business of ALB.
- The Directors are still exploring opportunities for mergers and acquisitions to expand the business of the Group. We will make the appropriate announcements to inform the shareholders on such developments.