

**CRESCENDO CORPORATION BERHAD (359750-D)**Minutes of 20<sup>th</sup> AGM held on 28<sup>th</sup> July, 2016Company's answers to the questions from the Minority Shareholder Watchdog Group vide letter dated 18<sup>th</sup> July, 2016**Strategy / Financial**

Q1 We noted that the information on property development projects disclosed in the Annual Report for FY2016 was only on Bandar Cemerlang Project.

Other than Bandar Cemerlang Project, is there any other on-going project for the Group? If yes, could the Board provide the following information for all on-going projects:

- Total GDV for the entire projects, amount completed to-date and amount expected to be launched in FY2017;
- Percentage of each type of properties in the mixed development projects;
- The latest take-up rate of the phrases launched;
- The unbilled sales as at 31 January 2016.

A1

Project	GDV for completed and sold as at 31 Jan 2016	GDV for on-going projects as at 30 Jun 2016	Take-up rate for on-going project as at 30 Jun 2016	Unbilled sales as at 30 Jun 2016	Unbilled sales as at 31 Jan 2016
Taman Perindustrian Cemerlang - Industrial	RM'mil 886.1	RM'mil 164.1	% 32%	RM'mil 37.6	RM'mil 8.6
Nusa Cemerlang Industrial Park - Industrial	664.1	74.0	-	-	-
Desa Cemerlang - Residential	245.9 60%	- -	-	-	-
- Commercial	166.5 40%	101.1 100%	61%	2.8	-
Total	<u>412.4</u>	<u>101.1</u>			
Bandar Cemerlang - Residential	- -	187.8 81%	52%	78.7	38.5
- Commercial	- -	42.9 19%	32%	10.8	15.1
Total	<u>-</u>	<u>230.7</u>			
Taman Dato Chellam - Residential	142.8 89%	- -	-	-	-
- Commercial	18.2 11%	38.6 100%	98%	4.7	0.6
Total	<u>161.0</u>	<u>38.6</u>			

The GDV value of the new launches for FY2017 will be between the range of RM200 million to RM250 million.

- Q2 As disclosed in Note 8 to the Financial Statements, there was an additional contribution of RM1.641 million to the project cost of the restaurant project and in the meantime there was also a capital realisation of RM1.440 million from the project in FY2016.
- (a) What would be the total amount to be contributed by the Group for the restaurant and when would the project expected to be completed?
  - (b) Would the Company be able to recover the whole amount contributed through the capital realisation scheme at the end of estimated period of 10 years?
- A2
- (a) The total investment for the restaurant project is approximately RM26 million and the restaurant is expected to be completed by November 2016.
  - (b) The whole investment amount would be recovered within 10 years through the scheduled capital realisation scheme. As the Group is entitled to share the profit, the payback period will likely to be shorter than 10 years.
- Q3 As disclosed in Note 4 to the Financial Statements, in FY2016, the Group had acquired land use rights with a tenure of 20 years over two lots of state-owned land for RM6.138 million.
- (a) What type of the land of which the rights were acquired and what was the purpose of the acquisition?
  - (b) What would be the Company's rights and obligations during and after the 20-year period?
  - (c) Would there be any income expected from the rights acquired?
- A3
- (a) The land is a leasehold land of 81 acres with a tenure of 20 years to be used by the Group to set up a new commercial quarry plant to produce granites for sales to our internal manufacturing operations and external demands.
  - (b) As at the end of tenure, the lease period may be extended by another 20 years subject to terms and conditions to be agreed upon with landowner.
  - (c) We do not expect any revenue from this quarry land for FY2017 as the new quarry plant is expected to commence operation in 1 to 2 years' time.
- Q4 We noted that about 10% of the trade receivables as at 31 January 2016 amounted to RM4.558 million was provided for impairment.
- (a) Would the Board see the necessity to revisit the credit policy of the Group to minimise the impairment loss in future?
  - (b) What was the amount recovered to-date?
- A4
- (a) The allowance for impairment of trade receivables of RM4.558 million mainly arose from prior year and the net allowance made for current financial year was only RM0.4 million. The allowance for impairment was mainly made for amounts owing from customer and sub-contractor which had financial difficulty due to over expansion of their business. The Group has continued its effort to recover the debts from the parties concerned including initiating legal actions.
  - (b) As at to-date, the recovery is approximately 1.3%.

**Corporate Governance**

- Q1 The recent amendments to Chapter 9, Paragraph 9.21(2) of the Main Market Listing Requirements requires companies to publish the summary of the key matters discussed at the AGMs onto the companies' website for AGMs held on or after 1 July 2016. In line with this, we hope the Board would publish the summary of proceedings for this AGM on the Company's website.
- A1 The Company will publish a summary of key matters discussed at the AGM onto its website.
- The Board had previously deliberated and decided not to publish a summary of the proceedings of the AGM on the Company's website.
- Q2 We also hope the Board would publish the Memorandum and Articles of Association of the Company for the benefit of all shareholders.
- A2 The Board will consider at its meeting on the matter of publishing Memorandum and Articles of Association on the Company's website.

**CRESCENDO CORPORATION BERHAD (359750-D)**

Minutes of 20<sup>th</sup> AGM held on 28<sup>th</sup> July, 2016

Pertinent questions and answers relating to the Audited Financial Statements of the Group and the Company for the year ended 31<sup>st</sup> January, 2016 at the Annual General Meeting

---

Q1 Has the project with gross development value RM664.1 million at the Nusa Cemerlang Industrial Park been launched?

A1 They had been fully completed and sold as at 31<sup>st</sup> January, 2016.

Q2 What is the number of students in the Crescendo International College?

A2 The number of students in the Crescendo International College is around 800 to 900.

Q3 The recently announced quarterly results of the Group is not encouraging, particularly the negative cash flow from the operations. What are the causes and measures taken by the Group?

A3 The cash flow of the Group is not that encouraging due to the delay in getting approval which resulted in the delay in launching projects. The Bandar Cemerlang project has been launched at the fourth quarter of 2015 and the sales derived from the project have been very encouraging. For the period from 1<sup>st</sup> February to 30<sup>th</sup> June, 2016, the Group has achieved new sales of about RM102 million and this would improve the cash flow in the near future for the group.

Q4 On page 143, item 1, is the tenure of the piece of land situated at Taman Perindustrian Cermerlang, Mukim of Plentong, Johor Bahru, Johor 999 years correct?

A4 Yes, 999 years commencing from 28.10.1912.