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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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**ANCOM BERHAD**

(Registration No. 196901000122 (8440-M))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED ISSUANCE OF UP TO 66,233,553 FREE WARRANTS IN ANCOM BERHAD ("ANCOM") ("WARRANTS B") ON THE BASIS OF ONE (1) WARRANT B FOR EVERY FOUR (4) EXISTING ORDINARY SHARES IN ANCOM HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*

**RHB** InvestmentBank

**RHB Investment Bank Berhad**

(Registration No. 197401002639 (19663-P))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of Ancom ("**Company**") will be conducted entirely through live streaming from the broadcast venue at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on **Wednesday, 12 August 2020 at 10.00 a.m.** using remote participation and voting facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online website at <https://tiih.online>. The Notice of the EGM together with the Proxy Form are enclosed in this Circular, which are also available at the Company's website at <http://www.ancom.com.my/egm.php>.

If you are unable to participate, speak and vote at the forthcoming EGM, you may appoint a proxy(ies) to do so on your behalf by completing and depositing the enclosed Proxy Form in accordance with the instructions therein at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the EGM. If you are an individual shareholder, you can also lodge the Proxy Form electronically via TIIH Online website at <https://tiih.online> before the proxy appointment cut-off time as mentioned below:

Last date and time for lodging the Proxy Form ..... : Monday, 10 August 2020 at 10.00 a.m.

Date and time of the EGM ..... : Wednesday, 12 August 2020 at 10.00 a.m.

This Circular is dated 23 July 2020

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## DEFINITIONS

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Except where the context otherwise requires, the following abbreviations and definitions shall apply throughout this Circular:

"Act"	:	Companies Act 2016
"Ancom" or the "Company"	:	Ancom Berhad
"Ancom Group" or the "Group"	:	Ancom and its subsidiaries, collectively
"Ancom Shares" or "Shares"	:	Ordinary shares in Ancom
"Board"	:	Board of Directors of Ancom
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Circular"	:	This circular dated 23 July 2020 in relation to the Proposed Free Warrants Issue
"Deed Poll B"	:	The deed poll constituting the Warrants B to be executed by the Company
"Directors"	:	The directors of Ancom and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007
"EGM"	:	Extraordinary General Meeting
"Entitled Shareholders"	:	The shareholders of Ancom who are registered as a member and whose names appear in the Record of Depositors of the Company on the Entitlement Date
"Entitlement Date"	:	The date as at the close of business at 5.00 p.m. to be determined by the Board and announced later by the Company at a later date, on which shareholders of Ancom must be registered as a member and whose names must appear in the Record of Depositors of the Company in order to be entitled to the Warrants B
"EPS"	:	Earnings per Share
"FYE"	:	Financial year ended/ending, as the case may be
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	30 June 2020, being the latest practicable date prior to the printing of this Circular
"Market Day"	:	A day on which the stock market of Bursa Securities is open for trading in securities

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**DEFINITIONS (CONT'D)**

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"Maximum Scenario"	:	Assuming all the treasury shares as at the LPD are resold on the open market at their respective acquisition prices and the Private Placement has been completed prior to the implementation of the Proposed Free Warrants Issue. For illustrative purposes throughout this Circular, the total number of new Ancom Shares to be issued pursuant to the Private Placement under the Maximum Scenario is assumed to be 24,084,928 Placement Shares
"Minimum Scenario"	:	Assuming all the treasury shares as at the LPD are retained in the Company and the Private Placement has been completed prior to the implementation of the Proposed Free Warrants Issue. For illustrative purposes throughout this Circular, the total number of new Ancom Shares to be issued pursuant to the Private Placement under the Minimum Scenario is assumed to be 22,236,592 Placement Shares
"NA"	:	Net assets
"Official List"	:	A list specifying all securities listed on Bursa Securities
"Placement Shares"	:	All or part of the 24,084,928 new Ancom Shares to be issued pursuant to the Private Placement
"Private Placement"	:	Private placement of up to 10% of the total number of issued shares of Ancom (excluding treasury shares) which was announced by the Company on 14 May 2020. Bursa Securities had, vide its letter dated 27 May 2020, approved the listing and quotation of up to 24,084,928 Placement Shares on the Main Market of Bursa Securities, subject to the conditions as set out in the Company's announcement dated 28 May 2020. As at the LPD, the Company has issued 12,100,000 Placement Shares
"Proposed Free Warrants Issue"	:	Proposed issuance of up to 66,233,553 free Warrants B on the basis of one (1) Warrant B for every four (4) existing Ancom Shares held on the Entitlement Date
"Record of Depositors"	:	A record of securities holders established and maintained by Bursa Depository under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991
"RHBIB" or the "Principal Adviser"	:	RHB Investment Bank Berhad
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"VWAMP"	:	Volume weighted average market price
"Warrants B"	:	All or part of the 66,233,553 new warrants in Ancom to be issued pursuant to the Proposed Free Warrants Issue

References to "our Company" in this Circular are to Ancom and references to "our Group" are to our Company and our subsidiaries. References to "we", "us", "our" and "ourselves" in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to "you" in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

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**DEFINITIONS (CONT'D)**

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Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by the Company, such as in its quarterly results or annual reports, is due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company's and/or the Group's plans and objectives will be achieved.

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## ANCOM BERHAD

(Registration No. 196901000122 (8440-M))  
(Incorporated in Malaysia)

### Registered Office

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

23 July 2020

### Board of Directors

Dato' Siew Ka Wei (*Executive Chairman*)  
Tan Sri Dato' Dr Lin See Yan (*Independent Non-Executive Director*)  
Tan Sri Dato' Seri Abdull Hamid Bin Embong (*Independent Non-Executive Director*)  
Datuk Dr Abd Hapiz Bin Abdullah (*Independent Non-Executive Director*)  
Chan Thye Seng (*Non-Independent Non-Executive Director*)  
Edmond Cheah Swee Leng (*Independent Non-Executive Director*)  
Lim Hock Chye (*Independent Non-Executive Director*)  
Siew Ka Kheong (*Alternate Director to Dato' Siew Ka Wei*)

### To: Our shareholders

Dear Sir/Madam,

### **PROPOSED ISSUANCE OF UP TO 66,233,553 FREE WARRANTS B ON THE BASIS OF ONE (1) WARRANT B FOR EVERY FOUR (4) EXISTING ANCOM SHARES HELD ON THE ENTITLEMENT DATE**

#### **1. INTRODUCTION**

On 14 May 2020, RHBIB had, on behalf of the Board, announced that the Company proposes to undertake the Private Placement and the issuance of up to 66,233,553 free Warrants B on the basis of one (1) Warrant B for every four (4) existing Ancom Shares held on the Entitlement Date.

On 7 July 2020, RHBIB had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 6 July 2020, approved the following:

- (a) admission to the Official List and the listing and quotation of up to 66,233,553 Warrants B to be issued pursuant to the Proposed Free Warrants Issue on the Main Market of Bursa Securities; and
- (b) listing and quotation of up to 66,233,553 new Ancom Shares to be issued arising from the exercise of the Warrants B on the Main Market of Bursa Securities,

subject to the conditions as set out in Section 7 of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED FREE WARRANTS ISSUE AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED FREE WARRANTS ISSUE TO BE TABLED AT THE FORTHCOMING EGM.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED FREE WARRANTS ISSUE TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSED FREE WARRANTS ISSUE**

### **2.1 Basis and number of Warrants B to be issued**

The Proposed Free Warrants Issue will entail the issuance of up to 66,233,553 free Warrants B on the basis of one (1) Warrant B for every four (4) existing Ancom Shares held by the Entitled Shareholders on the Entitlement Date.

As at the LPD, the Company has an issued share capital of RM254,357,284 comprising 252,949,284 Ancom Shares (including treasury shares).

For shareholders' information, the Company has implemented an employee share option scheme of up to 10% of the total number of issued shares of the Company (excluding treasury shares) ("**ESOS**") for the eligible executive directors and employees of the Company and its subsidiaries (excluding Nylex (Malaysia) Berhad, Ancom Logistics Berhad and dormant subsidiaries) ("**Eligible Persons**"). The ESOS is in force for a duration of five (5) years from 6 March 2019 and may be extended for up to another five (5) years immediately from the expiry of the first five (5) years, but will not in aggregate exceed ten (10) years from 6 March 2019. As at the LPD, the Company has not granted any ESOS option to the Eligible Persons.

In order to facilitate the Private Placement and the Proposed Free Warrants Issue, the Board has confirmed that from the date of the announcement of the Private Placement and the Proposed Free Warrants Issue until the completion of the Proposed Free Warrants Issue, the Company will not grant any ESOS option to the Eligible Persons pursuant to the Company's ESOS.

In addition, the Board is also authorised to repurchase up to 10% of the total number of issued shares of the Company pursuant to the Company's share buy-back mandate which was renewed by the Company's shareholders at the last annual general meeting convened on 17 October 2019. As at the LPD, the Company holds 15,033,359 treasury shares. Assuming all the 15,033,359 treasury shares as at the LPD are resold on the open market at their respective acquisition prices and the Private Placement has been completed prior to the implementation of the Proposed Free Warrants Issue, a total of up to 66,233,553 Warrants B may be issued pursuant to the Proposed Free Warrants Issue. Similarly, if the Company purchases any Shares under the Company's share buy-back mandate, the number of Warrants B to be issued will be reduced accordingly.

The Proposed Free Warrants Issue will be implemented after the completion of the Private Placement. Hence, the independent third party investors who subscribe for the Placement Shares will also be entitled to the free Warrants B. As at the LPD, the Company has issued 12,100,000 Placement Shares. Pursuant thereto, the maximum number of 66,233,553 Warrants B to be issued pursuant to the Proposed Free Warrants Issue was arrived at after taking into consideration the following:

- i. the issued share capital of the Company as at the LPD of 252,949,284 Ancom Shares (including treasury shares); and
- ii. the issuance of the balance of up to 11,984,928 Placement Shares pursuant to the Private Placement.

Assuming the full exercise of 66,233,553 Warrants B, a total of 66,233,553 new Ancom Shares will be issued therefrom.

The actual number of Warrants B to be issued pursuant to the Proposed Free Warrants Issue will depend on the total number of issued shares of Ancom (excluding treasury shares) on the Entitlement Date which will be determined by the Board and announced by the Company at a later date upon receipt of all relevant approvals for the Proposed Free Warrants Issue and after the completion of the Private Placement.

Fractional entitlements of the Warrants B arising from the Proposed Free Warrants Issue, if any, will be disregarded and dealt with in such manner as the Board in its absolute discretion deems fit, expedient and in the best interest of the Company.

The entitlement basis for the Proposed Free Warrants Issue was determined after taking into consideration the following:

- i. amount of proceeds which the Company would potentially raise as and when the Warrants B are exercised during the exercise period of the Warrants B;
- ii. dilutive effects arising from the full exercise of the Warrants B on the consolidated EPS and NA per Share of the Company; and
- iii. compliance with Paragraph 6.50 of the Listing Requirements which states that the number of new Ancom Shares which will arise from all outstanding Warrants B, when exercised, shall not exceed 50% of the total number of issued shares of the Company (excluding treasury shares and before the exercise of the Warrants B) at all times.

The Proposed Free Warrants Issue will be implemented in a single issuance and will be issued in registered form and constituted by the Deed Poll B to be executed by the Company.

For shareholders' information, the tenure of Warrants B will be five (5) years commencing from and inclusive of the date of issuance of the Warrants B. However, the exercise period of the Warrants B will commence from the first (1<sup>st</sup>) anniversary of the date of issuance of the Warrants B ("**1<sup>st</sup> Anniversary**") and end at 5.00 p.m. (Malaysian time) on the expiry date of the Warrants B. The Board has decided to only allow the exercise of the Warrants B from the 1<sup>st</sup> Anniversary onwards to mitigate any immediate dilutive effects arising from the exercise of the Warrants B on the consolidated EPS and NA per Share of the Company.

The indicative salient terms of the Warrants B are set out in the Appendix I of this Circular.

## **2.2 Basis and justification for the issue price and exercise price of the Warrants B**

The Warrants B will be issued at no cost to the Entitled Shareholders.

The exercise price of the Warrants B will be determined by the Board and announced by the Company at a later date upon receipt of all relevant approvals for the Proposed Free Warrants Issue but before the announcement of the Entitlement Date and taking into consideration the following:

- i. the five (5)-day VWAMP of Ancom Shares immediately preceding the price-fixing date for the Proposed Free Warrants Issue ("**Price-Fixing Date**"); or
- ii. a maximum discount of not more than 5% to the five (5)-day VWAMP of Ancom Shares immediately preceding the Price-Fixing Date.



For informative purposes, the maximum discount of not more than 5% to the five (5)-day VWAMP of Ancom Shares immediately preceding the Price-Fixing Date was determined by the Board after taking into consideration, among others, the following:

- i. the historical trading prices of Ancom Shares;
- ii. the prevailing market conditions; and
- iii. the future working capital requirements of the Group.

However, solely for illustrative purposes throughout this Circular, the exercise price of the Warrants B is assumed to be at RM0.71, being the five (5)-day VWAMP of Ancom Shares up to and including the LPD of RM0.71.

### **2.3 Ranking of the Warrants B and the new Ancom Shares to be issued arising from the exercise of the Warrants B**

The Warrant B holders will not be entitled to any voting right in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such Warrant B holders exercise their Warrants B into new Ancom Shares.

The new Ancom Shares to be issued arising from the exercise of the Warrants B shall, upon issuance and allotment, rank equally in all respects with the then existing Ancom Shares, save and except that they will not be entitled to any dividend, right, allotment and/or any other distribution that may be declared, made or paid prior to the date of allotment of the such new Ancom Shares to be issued arising from the exercise of the Warrants B.

### **2.4 Listing of the Warrants B and the new Ancom Shares to be issued arising from the exercise of the Warrants B**

Bursa Securities had, vide its letter dated 6 July 2020, approved the admission of the Warrants B to the Official List as well as the listing and quotation of up to 66,233,553 Warrants B and up to 66,233,553 new Ancom Shares to be issued arising from the exercise of the Warrants B on the Main Market of Bursa Securities, subject to the conditions as set out in Section 7 of this Circular.

### **2.5 Utilisation of proceeds**

The Proposed Free Warrants Issue will not raise any immediate funds to the Company as the Warrants B will be issued at no cost to the Entitled Shareholders.

The actual gross proceeds that may be raised by the Company will depend on the exercise price of the Warrants B and the number of Warrants B exercised during the exercise period of the Warrants B. As such, the exact time frame and manner in which the said proceeds will be utilised cannot be determined at this juncture.

Based on the illustrative exercise price of RM0.71 per Warrant B and in the event the Warrants B are fully exercised, the Company is expected to raise gross proceeds of approximately RM44.03 million and RM47.03 million under the Minimum Scenario and Maximum Scenario respectively. The gross proceeds are expected to be utilised for the future working capital requirements of the Group, which may include defraying selling and administrative expenses such as staff related expenses as well as payment to suppliers and other creditors, the servicing of interest and/or reduce principal amounts of the Group's borrowings, and other operating expenses such as maintenance of the production plants of the Group. The proceeds to be utilised for each component of working capital are subject to the operating and funding requirements of the Group at the point of utilisation and therefore cannot be determined at this juncture.

### 3. RATIONALE FOR THE PROPOSED FREE WARRANTS ISSUE

The Proposed Free Warrants Issue is intended to:

- i. reward the shareholders of the Company for their continuous support by enabling them to own the Warrants B which are tradable on Bursa Securities without incurring any cost;
- ii. provide the shareholders of the Company with an opportunity to increase their equity participation in the Company through the exercise of the Warrants B at a pre-determined price during the tenure of the Warrants B; and
- iii. strengthen the capital base of the Company as well as enable the Group to raise additional funds to fund its working capital requirements, as and when the Warrants B are exercised, without incurring additional interest expense as compared to bank borrowings.

### 4. INDUSTRY OVERVIEW AND OUTLOOK AND PROSPECTS OF ANCOM GROUP

#### 4.1 Overview and outlook of the global economy

The global economy experienced a sharp moderation in the first (1<sup>st</sup>) quarter ("**1Q**") of 2020. The rapid spread of the novel coronavirus disease 2019 ("**COVID-19**") resulted in the introduction of lockdown and social distancing measures in many major economies. This also resulted in elevated volatility in global financial markets.

Growth in the People's Republic of China ("**PRC**") contracted by 6.8%, as aggressive containment measures were introduced to slow the spread of COVID-19. These measures resulted in a significant decline in economic activity, as reflected by the broad-based contraction in fixed asset investments, consumption and production activities.

By the end of 1Q 2020, most major economies globally had introduced containment measures of varying stringency, most of which remain in place. As a result, labour market conditions across major economies deteriorated sharply in 1Q 2020. Jobless claims and short-time work claims in the United States ("**US**") and Germany respectively, rose in March 2020 beyond levels experienced during the 2008-2009 Global Financial Crisis. In the US, growth moderated sharply to 0.3% from 2.3% in the fourth (4<sup>th</sup>) quarter ("**4Q**") of 2019. Private sector expenditure and imports moderated significantly, reflecting the sudden turnaround in labour market conditions, rising risk aversion, and weaker growth prospects. Nevertheless, government consumption was sustained, providing an anchor to the US growth. In the euro area, where lockdown measures were introduced earlier and more widely, restrictions in operating capacity and business activities led to contractions in economic activity.

In the regional economies, growth was influenced by two (2) factors. Firstly, containment measures, which were introduced from end-March 2020 onwards, affected both domestic supply and demand conditions in these economies. Secondly, the introduction of aggressive social distancing and lockdown measures in both PRC and the major advanced economies disrupted global value chain activity and dampened external demand conditions.

The International Monetary Fund ("**IMF**") projects global growth in 2020 to be -3.0%, the weakest since the Great Depression worldwide that took place mostly during the 1930s. A recovery in 2021 is expected, conditional on the gradual dissipation of the COVID-19 pandemic in the second half of 2020, as well as its successful containment by end-2020.

The recovery in PRC will anchor growth in regional economies, whose domestic demand conditions are expected to experience a transitory slowdown. Nevertheless, policy responses have been timely and forthcoming, such as in Singapore where fiscal measures totalled 13.0% of gross domestic product ("**GDP**"), allowing a sustained recovery to be secured as the pandemic begin to dissipate. Major advanced economies have introduced unprecedented policy responses to limit the economic fallout from the COVID-19 pandemic. Policy rates were broadly reduced to the zero lower bound, while the magnitude of quantitative easing exceeded that of the Global Financial Crisis within the first months of the pandemic, including the US, euro area and Japan. Large fiscal stimulus packages were additionally introduced, especially in the US and Japan. These measures were primarily aimed at preventing hysteresis in labour market and output, as well as limiting the deterioration in private sector balance sheet conditions, by sustaining income flows amid low economic activity. Downside risks to the growth outlook remain, arising from a more severe impact from the COVID-19 pandemic and the resurgence of COVID-19 cases. In vulnerable emerging economies, sharp and volatile two-way capital flows could lead to the unwinding of external sector imbalances. In the US, the downgrades in corporate credit ratings and earnings weakness in severely affected sectors, may lead to a continued tightening of financial conditions. The materialisation of these financial sector vulnerabilities may further exacerbate the downturn in the global economy.

*(Source: Economic and Financial Developments in the Malaysian Economy in 1Q 2020, BNM)*

## **4.2 Overview and outlook of the Malaysian economy**

The Malaysian economy registered a lower growth of 0.7% in 1Q 2020. At 0.7%, this was the lowest growth since the third (3<sup>rd</sup>) quarter of 2009, reflecting the early impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic, including the introduction of the Movement Control Order ("**MCO**") in Malaysia. On the supply side, the services and manufacturing sectors moderated, while the other sectors contracted. From the expenditure side, domestic demand moderated, while exports of goods and services recorded a sharper decline. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 2.0%.

The economic activity experienced a sharp down-shift in March 2020 as a result of the MCO. This was evidenced by the decline in the Industrial Production Index and Index of Wholesale and Retail Trade which recorded an average growth of 3.4% and 5.5% respectively, in January-February 2020 before contracting to -4.9% and -6.1% in March 2020. The MCO comprised government closure of schools, universities and non-essential services, border closures and restrictions on public movement, work and operating hours, as well as mandatory social distancing and personal protection measures. Essential services include telecommunications, finance, production and the provision of food supplies, healthcare, utilities, electrical and electronics ("**E&E**"), as well as selected industries in the primary and consumer clusters in the manufacturing sector. Sectors which were more labour intensive and require face-to-face interaction were more impacted by the MCO. In particular, construction activity was completely prohibited during the MCO phase. In contrast, the production capacity in industries which were more capital intensive, such as mining and the E&E manufacturing sub-sector, were affected to a lesser extent. The MCO also led to weaker private sector activity given mobility restrictions, closures of non-essential services, such as retail sub-sectors, and a temporary halt in ongoing investments.

Malaysia's economic prospects for 2020 is being severely affected by the COVID-19 pandemic. Strict measures to contain the spread of the pandemic, both globally and domestically, will weigh considerably on both external demand and domestic growth.

Domestically, the economic impact of the MCO is expected to be broad-based, with the largest impact likely felt by the consumer-oriented and labour-intensive industries. This includes the services sector, particularly consumer services and construction sectors. Capital-intensive sectors such as mining and E&E are expected to be the least impacted. In terms of employment, the impact from the slowdown would be larger on the self-employed and those working in small and medium enterprises ("**SME**"). However, under the Conditional MCO that was effective 4 May 2020, most sectors of the economy were allowed to operate, albeit in a controlled and prudent setting and by observing stringent Standard Operating Procedures. Notwithstanding the lifting of movement restrictions, international travel restrictions and social distancing measures are expected to continue for the remainder of 2020.

Reflecting the longer duration of the MCO, followed by the Conditional MCO from 4 May to 9 June 2020, the Malaysian economy is expected to contract in the second (2<sup>nd</sup>) quarter of 2020. However, economic activity is expected to gradually pick up in the second (2<sup>nd</sup>) half of 2020, following the lifting of the MCO, support from fiscal, monetary and financial measures and progress in transport-related projects by the public sector. The Malaysian economy is expected to register a positive recovery in 2021, in line with the projected improvement in global growth.

The economic stimulus measures announced will provide sizeable assistance to households and businesses. This is further augmented by Bank Negara Malaysia's ("**BNM**") broad array of measures, including reductions in the overnight policy rate and statutory reserve requirement, deferment of loan and financing repayments for a period of six (6) months for individual and SME borrowers, daily market operations to ensure ample liquidity and enhancements to existing financing facilities under BNM's Fund for SMEs. BNM has also allowed banks to utilise their regulatory buffers to further ensure continued financial intermediation.

The growth outlook is subject to significant downside risks. This arises mainly from the uncertainties surrounding the spread of COVID-19 and the duration of containment measures globally. This uncertainty may also result in delays in household spending and business investments. In addition, the risks of commodity supply shocks remain.

*(Source: Economic and Financial Developments in the Malaysian Economy in 1Q 2020, BNM)*

### **4.3 Overview and outlook of the chemicals industry**

Ancom Group is a diversified group with core businesses in agricultural chemicals, industrial chemicals, polymer and chemical logistics which contribute to approximately 93% of the total Group's revenue based on its latest audited consolidated statements of comprehensive income for the FYE 31 May 2019 and approximately 95% of the total Group's revenue based on its latest unaudited consolidated statements of comprehensive income for the nine (9)-month financial period ended 29 February 2020. The Group's chemicals division is mainly made up of the manufacturing and distribution businesses. Other key business interests are in media advertising, education, information technology and electrical components.

The overview and outlook of the manufacturing and distribution divisions in the chemicals industry are set out in the following page.

### Manufacturing division

The manufacturing sector moderated further to 1.5% in 1Q 2020. The lockdown in PRC to contain the pandemic disrupted the global supply chain for a broad range of products. This resulted in a shortage of intermediate input for some domestic industries. Nevertheless, the impact was mitigated through a drawdown of inventory, which largely sustained domestic production activities. Manufacturing activity was however impacted by the imposition of the MCO. While the production of essential items and its supply chain were allowed to operate, it did so at significantly reduced capacity due to the 50% cap on labour utilisation to ensure sufficient social distancing at workplaces.

In 1Q 2020, gross exports registered positive growth of 1.1% supported by higher manufactured exports. Gross imports recorded a positive turnaround of 1.3%, due to higher intermediate goods imports. The trade surplus widened to RM37.0 billion. The supply chain disruptions arising from PRC's nationwide factory closures in February 2020 was partially mitigated by firms' inventory buffers. Nonetheless, the imposition of MCO adversely affected export performance. Manufactured exports grew by 2.5% in 1Q 2020 supported by higher growth in resource-based and non-resource based exports, which more than offset the larger contraction in E&E exports. Non-E&E exports rose by 11.2% supported by higher exports of petroleum products, iron and steel and rubber products. Commodities exports declined at a slower pace following higher palm oil exports and smaller contraction in mining products.

The agriculture sector in Malaysia contracted further by 8.7% in 1Q 2020. Oil palm production continued to be weighed by the lingering effects of the severe dry weather conditions and cutbacks in fertiliser applications experienced in the early part of 2019. This was further affected by the MCO, which led to lower production across most agriculture sub-sectors.

*(Source: Economic and Financial Developments in the Malaysian Economy in 1Q 2020, BNM)*

PRC is by far the biggest wildcard in the crop inputs industry, considering the ongoing tariff/trade war, continued environmental inspections that have caused the shutdown of manufacturing plants, and concerns over the availability of supplies. It is expected to see "shortages on some pesticides due to the shutdown of manufacturers in PRC. We hope (many) will be back online for the 2021 calendar year season". In addition, because of the manufacturing woes for some pesticides in PRC, there are new manufacturers coming online in 2020 calendar that hopefully minimize the shortages.

*(Source: Outlook 2020: The Future of the Global Crop Protection Industry - by Daniel Jacobs, 28 January 2020)*

### Distribution division

The fast deterioration of the global economic outlook as the COVID-19 pandemic has spread and the breakdown of the OPEC+ (Organization of the Petroleum Exporting Countries, including Russia and other non-OPEC oil exporters) agreement among oil suppliers have weighed heavily on commodity prices. From mid-January to end-March 2020, base metal prices fell about 15%, natural gas prices declined by 38%, and crude oil prices dropped by about 65% (a fall of about United States Dollar ("USD") 40 a barrel). Futures markets indicate that oil prices will remain below USD45 a barrel through 2023, some 25% lower than the 2019 average price, reflecting persistently weak demand.

*(Source: World Economic Outlook: The Great Lockdown – April 2020, IMF)*

#### 4.4 Prospects of Ancom Group

Ancom had earlier on 14 May 2020 announced that it intends to construct of a new production plant for its agricultural chemicals division which is primarily involved in the manufacture, formulation and sale of agricultural chemicals focusing on crop protection and timber preservatives for both the domestic and overseas markets with key export markets in North and Latin America, South Africa, New Zealand and Australia. The new production plant will be constructed on a piece of land owned by the Group and situated in Klang, Selangor, next to its existing production plant which produces herbicides, fungicides, insecticides and rodenticides. The new production plant is expected to have a total gross floor area of 70,301 square feet and comprise three (3) units of single-storey factory building cum warehouse with office space, a prayer room and a canteen. Ancom has undertaken the Private Placement to raise funds for the construction of the new production plant and as at the LPD, the Company has raised funds of approximately RM8.59 million. At this juncture, the total estimated construction costs is approximately RM16.00 million. The Group had submitted the building plans to the Klang Municipal Council on 16 July 2020 for its approval. The construction of the new production plant is expected to commence by the fourth (4<sup>th</sup>) quarter of 2020 and complete by the first (1<sup>st</sup>) half of 2021. The new production plant will enable the Group to expand its product range to include an additional type of herbicide that possesses a niche mechanism of action in the control of weeds and crop management. The Company will also be investing in three (3) new customised production lines for the production of the said additional product offering and each production line has an estimated annual production capacity of up to 1,000 metric tonnes.

The crude oil prices experienced a sharp decline in the first (1<sup>st</sup>) half of 2020. In addition, prices of petrol chemical products have also declined in tandem with the decline in oil prices and there has been a significant drop in demand as well. This has affected both the Group's chemical distribution as well as chemical logistics businesses since the demands for road transportation and tank farm services have slowed down. In view thereof, the Group's chemical distribution unit is undertaking measures to further strengthen and widen its distribution networks by expanding its market share in chemical solvents products in Malaysia, Singapore, Vietnam and Indonesia. To achieve this, the Group intends to add and develop new product range, offer competitive pricing and ensure on-time delivery for all customers' orders including ad-hoc orders. The Group also plans to expand its geographical reach into the Thailand and Philippines markets.

The unprecedented containment measures in Malaysia and around the world to curb the spread of COVID-19 pandemic has brought the economy to a standstill and disrupted supply chains. With the current uncertainty surrounding the recovery of the global and local economy due to the COVID-19 pandemic, the performance of the Group is expected to remain challenging in the foreseeable future. The Board will continue to exercise caution in managing the Group's business. The management has implemented cost control measures and is exploring ways to sustain the Group's business in the immediate term while continue to build new capabilities and capacities for long-term growth.

*(Source: Management of Ancom)*



## 5. EFFECTS OF THE PROPOSED FREE WARRANTS ISSUE

### 5.1 Issued share capital

The pro forma effects of the Proposed Free Warrants Issue on the issued share capital of Ancom are set out below:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	252,949,284	254,357,284	252,949,284	254,357,284
Less: Treasury shares, at cost	(15,033,359)	(7,246,234)	-	-
	237,915,925	247,111,050	252,949,284	254,357,284
Balance Shares to be issued pursuant to the Private Placement	10,136,592 <sup>(a)</sup>	7,196,980 <sup>(b)</sup>	11,984,928 <sup>(a)</sup>	8,509,299 <sup>(b)</sup>
	248,052,517	254,308,030	264,934,212	262,866,583
Shares to be issued assuming full exercise of the Warrants B	62,013,129	44,029,322 <sup>(c)</sup>	66,233,553	47,025,823 <sup>(c)</sup>
<b>Enlarged issued share capital</b>	<b>310,065,646</b>	<b>298,337,352</b>	<b>331,167,765</b>	<b>309,892,406</b>

**Notes:**

- (a) For illustrative purposes throughout this Circular, the total number of new Ancom Shares to be issued pursuant to the Private Placement under the Minimum Scenario and Maximum Scenario are assumed to be 22,236,592 Placement Shares and 24,084,928 Placement Shares respectively. As at the LPD, the Company has issued 12,100,000 Placement Shares. Hence, the balance number of new Ancom Shares to be issued pursuant to the Private Placement under the Minimum Scenario and Maximum Scenario are 10,136,592 Placement Shares and 11,984,928 Placement Shares respectively.
- (b) Calculated based on the illustrative issue price of RM0.71 per Placement Share. For the avoidance of doubt, the illustrative issue price of RM0.71 per Placement Share is based on the issue price for the issuance of 12,100,000 Placement Shares for the first tranche of the Private Placement which were listed on 17 June 2020.
- (c) Calculated based on the illustrative exercise price of RM0.71 per Warrant B.

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## 5.2 NA per Share and gearing

Based on the latest audited consolidated financial statements of Ancom as at 31 May 2019, the pro forma effects of the Proposed Free Warrants Issue on the consolidated NA per Share and gearing of Ancom are set out below:

### Minimum Scenario

	I Subsequent events up to the LPD <sup>(a)</sup> RM'000	II After I and assuming completion of the Private Placement RM'000	III After II and the Proposed Free Warrants Issue RM'000	IV After III and assuming full exercise of the Warrants B RM'000
Share capital	245,766	261,554 <sup>(b)</sup>	261,554	305,583 <sup>(d)</sup>
Less: Treasury shares, at cost	(5,566)	(7,246)	(7,246)	(7,246)
Capital reserve	273	273	273	273
Exchange translation reserve	10,706	10,706	10,706	10,706
Retained earnings	64,283	63,903 <sup>(b)</sup>	63,653 <sup>(c)</sup>	63,653
<b>Shareholders' funds/NA</b>	<b>315,462</b>	<b>329,190</b>	<b>328,940</b>	<b>372,969</b>
No. of Shares in issue (excluding treasury shares) ('000)	230,961	248,053 <sup>(b)</sup>	248,053	310,066
NA per Share (RM)	1.37	1.35	1.33	1.20
Total borrowings (RM'000)	368,808	368,808	368,808	368,808
Gearing ratio (times)	1.17	1.14	1.12	0.99

#### Notes:

- (a) After taking into consideration the net purchase of 5,145,400 Ancom Shares during the period from 1 June 2019 up to the LPD which are held as treasury shares pursuant to the Company's share buy-backs and the issuance of 12,100,000 Placement Shares on 16 June 2020 at the issue price of RM0.71 per Placement Share pursuant to the Private Placement.
- (b) Assuming the issuance of the balance of 10,136,592 Placement Shares at the illustrative issue price of RM0.71 per Placement Share pursuant to the Private Placement and the estimated expenses of RM380,000 in relation to the Private Placement.
- (c) After deducting estimated expenses of RM250,000 in relation to the Proposed Free Warrants Issue.
- (d) Calculated based on the illustrative exercise price of RM0.71 per Warrant B.



## Maximum Scenario

	I	II	III	IV	V
	Audited as at 31 May 2019 RM'000	After I and assuming all the treasury shares are resold RM'000	After II and assuming completion of the Private Placement RM'000	After III and the Proposed Free Warrants Issue RM'000	After IV and assuming full exercise of the Warrants B RM'000
	Subsequent events up to the LPD <sup>(a)</sup> RM'000				
Share capital	245,766	254,357 <sup>(e)</sup>	262,867 <sup>(b)</sup>	262,867	309,892 <sup>(d)</sup>
Less: Treasury shares, at cost	(5,566)	(7,246) <sup>(e)</sup>	-	-	-
Capital reserve	273	273	273	273	273
Exchange translation reserve	10,706	10,706	10,706	10,706	10,706
Retained earnings	64,283	64,283	63,903 <sup>(b)</sup>	63,653 <sup>(c)</sup>	63,653
<b>Shareholders' funds/NA</b>	<b>315,462</b>	<b>322,373</b>	<b>337,749</b>	<b>337,499</b>	<b>384,524</b>
No. of Shares in issue (excluding treasury shares) ('000)	230,961	252,949	264,934 <sup>(b)</sup>	264,934	331,168
NA per Share (RM)	1.37	1.35	1.27	1.27	1.16
Total borrowings (RM'000)	368,808	368,808	368,808	368,808	368,808
Gearing ratio (times)	1.17	1.14	1.09	1.09	0.96

### Notes:

- (a) After taking into consideration the net purchase of 5,145,400 Ancom Shares during the period from 1 June 2019 up to the LPD which are held as treasury shares pursuant to the Company's share buy-backs and the issuance of 12,100,000 Placement Shares on 16 June 2020 at the issue price of RM0.71 per Placement Share pursuant to the Private Placement.
- (b) Assuming the issuance of the balance of 11,984,928 Placement Shares at the illustrative issue price of RM0.71 per Placement Share pursuant to the Private Placement and the estimated expenses of RM380,000 in relation to the Private Placement.
- (c) After deducting estimated expenses of RM250,000 in relation to the Proposed Free Warrants Issue.
- (d) Calculated based on the illustrative exercise price of RM0.71 per Warrant B.



**Notes:**

- (a) Deemed interested by virtue of his interests held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Datin Young Ka Mun and Quek Lay Kheng.
- (b) Deemed interested by virtue of his interests held through Pacific & Orient Berhad, Pacific & Orient Insurance Co. Berhad, Tysim Holdings Sdn Bhd and Tan Soo Leng.
- (c) Deemed interested by virtue of its interests in Pacific & Orient Insurance Co. Berhad, a wholly-owned subsidiary.
- (d) Deemed interested by virtue of his interests held through Siew Nim Chee & Sons Sdn Bhd and Quek Lay Kheng.

**Maximum Scenario**

Substantial shareholders	Shareholding as at the LPD				I Assuming all the treasury shares are resold				II After I and assuming completion of the Private Placement			
	Direct----->		Indirect----->		Direct----->		Indirect----->		Direct----->		Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Siew Ka Wei	27,763,820	11.67	22,596,221 <sup>(a)</sup>	9.50	27,763,820	10.98	22,596,221 <sup>(a)</sup>	8.93	27,763,820	10.48	22,596,221 <sup>(a)</sup>	8.53
Chan Thye Seng	-	-	47,077,140 <sup>(b)</sup>	19.79	-	-	47,077,140 <sup>(b)</sup>	18.61	-	-	47,077,140 <sup>(b)</sup>	17.77
Pacific & Orient Berhad	35,065,775	14.74	11,648,365 <sup>(c)</sup>	4.90	35,065,775	13.86	11,648,365 <sup>(c)</sup>	4.61	35,065,775	13.24	11,648,365 <sup>(c)</sup>	4.40
Siew Ka Kheong	-	-	16,917,185 <sup>(d)</sup>	7.11	-	-	16,917,185 <sup>(d)</sup>	6.69	-	-	16,917,185 <sup>(d)</sup>	6.39
Siew Nim Chee & Sons Sdn Bhd	16,092,185	6.76	-	-	16,092,185	6.36	-	-	16,092,185	6.07	-	-
Pacific & Orient Insurance Co. Berhad	11,648,365	4.90	-	-	11,648,365	4.61	-	-	11,648,365	4.40	-	-

Substantial shareholders	III After II and the Proposed Free Warrants Issue			IV After III and assuming full exercise of the Warrants B		
	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Dato' Siew Ka Wei	27,763,820	22,596,221 <sup>(a)</sup>	10.48	34,704,775	28,245,276 <sup>(a)</sup>	8.53
Chan Thye Seng	-	47,077,140 <sup>(b)</sup>	17.77	-	58,846,425 <sup>(b)</sup>	17.77
Pacific & Orient Berhad	35,065,775	11,648,365 <sup>(c)</sup>	13.24	43,832,218	14,560,456 <sup>(c)</sup>	4.40
Siew Ka Kheong	-	16,917,185 <sup>(d)</sup>	6.39	-	21,146,481 <sup>(d)</sup>	6.39
Siew Nim Chee & Sons Sdn Bhd	16,092,185	-	6.07	20,115,231	-	-
Pacific & Orient Insurance Co. Berhad	11,648,365	-	4.40	14,560,456	-	4.40

**Notes:**

- (a) Deemed interested by virtue of his interests held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Datin Young Ka Mun and Quek Lay Kheng.
- (b) Deemed interested by virtue of his interests held through Pacific & Orient Berhad, Pacific & Orient Insurance Co. Berhad, Tysim Holdings Sdn Bhd and Tan Soo Leng.
- (c) Deemed interested by virtue of its interests in Pacific & Orient Insurance Co. Berhad, a wholly-owned subsidiary.
- (d) Deemed interested by virtue of his interests held through Siew Nim Chee & Sons Sdn Bhd and Quek Lay Kheng.

## 5.4 Earnings and EPS

The Proposed Free Warrants Issue is not expected to have any material effect on the consolidated earnings and EPS of the Group for the FYE 31 May 2020 as the Proposed Free Warrants Issue is expected to be completed by the fourth (4<sup>th</sup>) quarter of 2020.

The potential effect of any exercise of the Warrants B on the consolidated EPS of the Group may depend on, among others, the number of Warrants B exercised at any point in time. Although the consolidated EPS of the Group may be diluted as a result of the increase in the number of Ancom Shares as and when the Warrants B are exercised, the utilisation of proceeds arising therefrom may contribute positively to the future earnings of the Group.

## 5.5 Convertible securities

As at the LPD, Ancom does not have any convertible securities in issue.

## 6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Ancom Shares as traded on Bursa Securities for the past 12 months from July 2019 to June 2020 are set out below:

	<b>High RM</b>	<b>Low RM</b>
<b>2019</b>		
July	0.495	0.460
August	0.480	0.450
September	0.480	0.455
October	0.500	0.455
November	0.495	0.455
December	0.605	0.485
<b>2020</b>		
January	0.720	0.555
February	0.770	0.625
March	0.690	0.380
April	0.715	0.515
May	0.805	0.695
June	0.815	0.680
Last transacted market price on 13 May 2020 (being the last trading prior to the announcement of the Proposed Free Warrants Issue on 14 May 2020)		RM0.765
Last transacted market price on the LPD		RM0.715

(Source: Bloomberg)

## 7. APPROVALS REQUIRED/OBTAINED FOR THE PROPOSED FREE WARRANTS ISSUE

The Proposed Free Warrants Issue is subject to the following approvals being obtained:

- i. Bursa Securities, for the following:
  - (a) admission to the Official List and the listing and quotation of up to 66,233,553 Warrants B to be issued pursuant to the Proposed Free Warrants Issue on the Main Market of Bursa Securities; and
  - (b) listing and quotation of up to 66,233,553 new Ancom Shares to be issued arising from the exercise of the Warrants B on the Main Market of Bursa Securities,

which was obtained vide its letter dated 6 July 2020, subject to the following conditions:

No.	Condition	Status of compliance
(i)	Ancom and RHBIB must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Free Warrants Issue;	Noted.
(ii)	RHBIB to inform Bursa Securities upon the completion of the Proposed Free Warrants Issue;	To be complied.
(iii)	RHBIB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Free Warrants Issue is completed;	To be complied.
(iv)	Ancom to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants B as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied.
(v)	payment of outstanding processing fee and additional listing fee based on the market value of the Warrants B to be listed, if applicable. In this respect, the Company is required to furnish Bursa Securities a cheque drawn to the order of Bursa Malaysia Securities Berhad for the outstanding listing fee together with a copy of the details of the computation of the amount of fees payable.	Noted.

ii. the shareholders of Ancom, for the Proposed Free Warrants Issue at the forthcoming EGM; and

iii. any other relevant authority, if required.

The Proposed Free Warrants Issue is not conditional upon any other proposals undertaken or to be undertaken by the Company.

## 8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of Ancom and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Free Warrants Issue, save for their respective entitlements under the Proposed Free Warrants Issue which are available to all Entitled Shareholders on a pro-rata basis.

## 9. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals from the relevant authorities and parties being obtained, the Proposed Free Warrants Issue is expected to be completed by the fourth (4<sup>th</sup>) quarter of 2020.

The tentative timetable for the implementation of the Proposed Free Warrants Issue is set out below:

Date/Month	Events
12 August 2020	Convening of EGM to obtain the approval of the shareholders of Ancom for the Proposed Free Warrants Issue
End August 2020	Announcement of the exercise price and Entitlement Date for the Warrants B

<b>Date/Month</b>	<b>Events</b>
Mid September 2020	Entitlement Date
Early October 2020	Listing of the Warrants B on the Main Market of Bursa Securities

## 10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the following, there is no other corporate exercise which has been announced by the Company but not yet completed as at the date of this Circular:

- i. the Private Placement;
- ii. the Proposed Free Warrants Issue; and
- iii. the Company had on 16 July 2020 announced that Ancom and its 45.06%-owned subsidiary, namely, Ancom Logistics Berhad ("**ALB**"), had entered into a Heads of Agreement with S7 Holdings Sdn Bhd ("**S7**"), Merrington Assets Limited ("**MAL**"), MY E.G. Capital Sdn Bhd ("**MYEG Capital**") and Avocat Sdn Bhd ("**Avocat**") for the following:

(S7, MAL, MYEG Capital and Avocat are collectively referred to as the "**Vendors**" and Ancom, ALB and the Vendors are collectively referred to as the "**Parties**")

- (a) a proposed acquisition by ALB of the entire share capital of S5 Holdings Inc. from the Vendors at a price to be agreed by the Parties, subject to a valuation report to be issued by an independent valuer to be agreed by the Parties, and in return ALB shall issue new ordinary shares in ALB ("**ALB Shares**") based on RM0.10 per ALB Share ("**Consideration Shares**") to the Vendors ("**Proposed Acquisition**");
- (b) a proposed mandatory general offer by the Vendors for the shares of ALB which are not owned by the Vendors upon completion of the Proposed Acquisition;
- (c) a proposed private placement of new ALB Shares to be issued by ALB after the Proposed Acquisition;
- (d) a proposed offer for sale of part of the Consideration Shares to be held by the Vendors upon completion of the Proposed Acquisition to independent third party investors; and
- (e) a proposed disposal by ALB of its wholly-owned subsidiary, namely, Synergy Trans-Link Sdn Bhd, to Nylex (Malaysia) Berhad ("**Nylex**"), which is a 50.25%-owned subsidiary of Ancom, at a valuation to be agreed by ALB and Nylex and upon such terms and conditions to be determined later.

The aforesaid proposals are subject to independent valuation, due diligence and finalisation of definitive agreements.

## 11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Free Warrants Issue, is of the opinion that the Proposed Free Warrants Issue is in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Free Warrants Issue to be tabled at the forthcoming EGM.

## **12. EGM**

The EGM, the notice of which is enclosed in this Circular, will be conducted entirely through live streaming from the broadcast venue at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 12 August 2020 at 10.00 a.m. using remote participation and voting facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online website at <https://tiih.online>, for the purpose of considering and if thought fit, passing the resolution to give effect to the Proposed Free Warrants Issue.

If you are unable to participate, speak and vote at the forthcoming EGM, you may appoint a proxy(ies) to do so by completing and depositing the enclosed Proxy Form in accordance with the instructions therein at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the EGM. If you are an individual shareholder, you can also lodge the Proxy Form electronically via TIIH Online website at <https://tiih.online>. The last day and time for lodging the Proxy Form is Monday, 10 August 2020 at 10.00 a.m.

## **13. ADDITIONAL INFORMATION**

You are advised to refer to the attached appendices for additional information.

Yours faithfully,  
For and on behalf of the Board  
**ANCOM BERHAD**

**DATO' SIEW KA WEI**  
Executive Chairman



**INDICATIVE SALIENT TERMS OF THE WARRANTS B**

The indicative salient terms of the Warrants B are set out below:

- Issue size and basis of allotment : Up to 66,233,553 Warrants B on the basis of one (1) Warrant B for every four (4) existing Ancom Shares held by the Entitled Shareholders on the Entitlement Date.
- Form and constitution : The Warrants B will be issued in registered form and constituted by the Deed Poll B.
- Tenure : Five (5) years commencing from and inclusive of the date of issuance of the Warrants B.
- Expiry Date : The day preceding the fifth (5<sup>th</sup>) anniversary of the date of issuance of the Warrants B and if such date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day.
- Exercise period : The period commencing from and including the day of the first (1<sup>st</sup>) anniversary of the date of issuance of the Warrants B and ending at the close of business at 5.00 p.m. in Malaysia on the Expiry Date. Any Warrants B not exercised during the exercise period will thereafter lapse and cease to be valid.
- Exercise Price : The exercise price of the Warrants B will be determined by the Board and announced by the Company at a later date upon receipt of all relevant approvals for the Proposed Free Warrants Issue but before the announcement of the Entitlement Date and taking into consideration the following:
- i. the five (5)-day VWAMP of Ancom Shares immediately preceding the Price-Fixing Date; or
  - ii. a maximum discount of not more than 5% to the five (5)-day VWAMP of Ancom Shares immediately preceding the Price-Fixing Date.
- For informative purposes, the maximum discount of not more than 5% to the five (5)-day VWAMP of Ancom Shares immediately preceding the Price-Fixing Date was determined by the Board after taking into consideration, among others, the following:
- i. the historical trading prices of Ancom Shares;
  - ii. the prevailing market conditions; and
  - iii. the future working capital requirements of the Group
- Exercise rights : Each Warrant B entitles the Warrant B holder to subscribe for one (1) new Ancom Share at the Exercise Price at any time during the exercise period, subject to the adjustments in accordance with the provisions of the Deed Poll B.
- Mode of exercise : The Warrant B holders must complete and sign the exercise form (which shall be irrevocable) and deliver the duly completed and executed exercise form to the Company's warrant registrar together with payment of the Exercise Price by way of cashier's order or banker's draft drawn by a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia or electronic means.

- Board lot : For the purpose of trading on Bursa Securities, one (1) board lot of Warrants B shall comprise 100 Warrants B carrying the right to subscribe for 100 new Ancom Shares at any time during the exercise period, or such other denomination as may be varied from time to time by Bursa Securities.
- Ranking of the new Ancom Shares to be issued arising from the exercise of the Warrants B : The new Ancom Shares to be issued arising to the exercise of the Warrants B shall, upon issuance and allotment, rank equally in all respects with the then existing Ancom Shares, save and except that they will not be entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid prior to the date of allotment of such new Ancom Shares to be issued arising from the exercise of the Warrants B.
- Rights in general meeting and in any distribution and/or offer of further securities : The Warrant B holders will not be entitled to any voting right in any general meeting of the Company or to participate in any form of distribution and/or offer of further securities in the Company until and unless such Warrant B holders exercise their Warrants B into new Ancom Shares.
- Rights in the event of winding up, liquidation, compromise and/or arrangement : If a resolution is passed for a members' voluntary winding-up of the Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one (1) or more companies then:
- i. for the purpose of such winding up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant B holders, or some persons designated by them for such purpose by a special resolution, shall be a party, the terms of such winding up, compromise or arrangement shall be binding on all the Warrant B holders; and
  - ii. in any case and to the extent permitted by law, every Warrant B holder shall be entitled (subject to the conditions in the Deed Poll B) at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of the Company or six (6) weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his Warrants B to the Company by submitting the duly completed exercise form(s) and payment of the Exercise Price, elect to be treated as if he had immediately prior to the commencement of such winding up, compromise or arrangement exercised the exercise rights represented by such Warrants B to the extent specified in the exercise form(s) and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the Ancom Shares to which he would have become entitled pursuant to such exercise and the liquidator or the Company shall give effect to such election accordingly. Upon the expiry of the above six (6) weeks, all exercise rights of the Warrants B shall lapse and cease to be valid for any purpose.
- Adjustments to the Exercise Price and/or number of Warrants B : The Exercise Price and/or number of Warrants B may be adjusted if any alteration is made to the share capital of the Company at any time during the tenure of the Warrants B, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital or otherwise.

- Modification of rights of the Warrant B holders : Save for manifest error or to comply with the prevailing laws of Malaysia and/or the Listing Requirements, any modification, amendment, deletion or addition to the Deed Poll B shall require the approval of the Warrant B holders sanctioned by special resolution; be subjected to the approval of the relevant authorities, if any; and be effected by a supplemental deed poll executed by the Company and expressed to be supplemental and comply with the requirements of the Deed Poll B.
- Listing status : Approval has been obtained from Bursa Securities for the admission of the Warrants B to the Official List as well as for the listing of the Warrants B and the new Ancom Shares to be issued arising from the exercise of the Warrants B on the Main Market of Bursa Securities.
- Governing law : Laws of Malaysia.

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## ADDITIONAL INFORMATION

## 1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually accepts full responsibility for the accuracy of the information given herein. The Board hereby confirms that, after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein false or misleading.

## 2. CONSENT AND CONFLICT OF INTEREST

RHBIB, being the Principal Adviser to Ancom for the Proposed Free Warrants Issue, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

RHBIB, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad ("**RHB Bank**"), and the subsidiaries and associated companies of RHB Bank ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for the Company and/or its affiliates, in addition to the role as set out in this Circular. RHB Banking Group, its directors and major shareholders may from time to time hold or deal in the securities of the Company and/or its affiliates for their own accounts or their proprietary accounts.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with the Company and/or its affiliates and/or any other entity or person, hold long or short positions in the securities offered by the Company and/or its affiliates, make investment recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of the Company and/or its affiliates.

The businesses of RHB Banking Group generally act independently of each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said interest. Nevertheless, RHB Banking Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

As at the LPD, RHB Banking Group had extended credit facilities amounting to RM20.00 million ("**Credit Facilities**") (with an amount of approximately RM17.20 million outstanding) to Ancom Group. The Credit Facilities represent approximately 0.08% of the audited consolidated NA of RHB Bank of approximately RM25.78 billion as at 31 December 2019.

Notwithstanding the above, RHBIB is of the opinion that concerns of any potential conflict of interests that exists or is likely to exist in relation to its capacity as the Principal Adviser to Ancom for the Proposed Free Warrants Issue is mitigated by the following:

- i. RHBIB is a licensed investment bank and its appointment as the Principal Adviser to Ancom for the Proposed Free Warrants Issue is in the ordinary course of its business and RHBIB does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to Ancom for the Proposed Free Warrants Issue;
- ii. the Credit Facilities were approved by RHB Banking Group's relevant credit committee and granted on an arm's length basis and is not material when compared to the audited consolidated NA of RHB Bank of approximately RM25.78 billion as at 31 December 2019;
- iii. the Corporate Finance division of RHBIB is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- iv. the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

As at the LPD, save as disclosed above, RHBIB confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser to Ancom for the Proposed Free Warrants Issue.

### 3. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, there is no material commitment incurred or known to be incurred by the Group which may have a material impact on the financial results/position of the Group:

	<b>RM'000</b>
<b>Capital commitments</b>	
In respect of purchase of property, plant and equipment:	
Approved and contracted for	2,044
Approved but not contracted for	38,910
<b>Total</b>	<b>40,954</b>

### 4. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, there is no contingent liability incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/position of the Group:

	<b>RM'000</b>
Bank guarantees given by financial institutions for trade performance	5,841

## 5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, the Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group:

- i. On 15 May 2020, Ancom Crop Care Sdn Bhd ("**ACCSB**"), a wholly-owned subsidiary of Ancom, filed a claim at the Kuala Lumpur High Court ("**High Court**") as plaintiff against KPF Trading Sdn Bhd ("**KPFTSB**") as defendant whereby ACCSB is claiming against KPFTSB a sum of RM4,213,259.87, being general damages, exemplary damages and interest for the supply of chemical products for agricultural purposes. The defendant failed to make payment for goods sold and delivered by the plaintiff to the defendant. Writ and statement of claim was filed at the High Court on 15 May 2020 and served to the defendant by registered post on 29 May 2020 and by hand on 2 June 2020. KPFTSB filed their defence on 30 June 2020 and ACCSB filed their reply to defence on 13 July 2020. ACCSB filed their application for summary judgement against KPFTSB on 29 June 2020. The High Court has fixed the matter for case management on 6 August 2020. Based on the legal advice and evidence presented, the Directors are of the opinion that ACCSB has a good arguable case against KPFTSB.
- ii. On 12 February 2018, ACCSB and Hamshi Plantation Sdn Bhd ("**HPSB**") initiated a legal action at the High Court as plaintiffs against Logix World (M) Sdn Bhd ("**LWMSB**") and Citra Semerbak Sdn Bhd ("**CSSB**") as defendants whereby the plaintiffs are claiming against the defendants, amongst others, for the defendants to be held jointly and severally liable for a principal sum of RM2,702,500, being the unpaid amount of 46 containers of refined sugar sold and delivered by the plaintiffs to the defendants, and interest at the rate of 12% per annum from 24 October 2017 until full and final settlement.

On 20 March 2018, the defendants filed a counterclaim against the plaintiffs for RM5,000,000, interest of 5% per annum on the said RM5,000,000 from the date of judgement until the date of full realisation, costs and/or other relief which the High Court deems fit. The defendants' counterclaim was subsequently struck out by the High Court on 9 July 2018 with costs of RM3,000 to be paid by the defendants to the plaintiffs.

On 31 July 2018, the directors of LWMSB applied to the Companies Commission of Malaysia to strike off LWMSB pursuant to Section 550 of the Act and LWMSB was struck off from the Company's Registrar on 16 January 2019.

On 25 October 2018, LWMSB filed an application at the High Court to strike out the plaintiffs' case, where the said striking out application was dismissed by the High Court on 13 February 2019 with costs to the cause.

On 20 March 2019, the plaintiffs filed an application at the High Court to add the directors of LWMSB as parties to the suit where the said application was allowed on 30 May 2019 with costs in the cause.

On 26 March 2019, the plaintiffs filed an application at the High Court to reinstate LWMSB and the said application was allowed on 4 April 2019.

On 21 May 2019, the plaintiffs filed the Substantive Application for Contempt against the directors of LWMSB. The High Court had on 13 July 2020 found the directors of LWMSB guilty of contempt and that the plaintiffs have proven their case against the aforesaid directors for interference with the administration of justice beyond reasonable doubt. The High Court has fixed 2 September 2020 for mitigation and possibly sentencing and also any arguments on the issue of costs.

Full trials for the matter are fixed on 24 March 2021, 25 March 2021, 14 April 2021, 15 April 2021, 21 April 2021 and 22 April 2021. The solicitors for the plaintiffs are of the opinion that they can only evaluate the likelihood of the outcome of the case and the approximate amount which may be granted by the High Court after the evidence has been presented in the High Court later.

## **6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- i. Constitution of Ancom;
- ii. audited consolidated financial statements of Ancom Group for the past two (2) financial years up to the FYE 31 May 2019 and the latest unaudited quarterly report of Ancom Group for the financial period ended 29 February 2020;
- iii. draft Deed Poll B;
- iv. letter of consent and declaration of conflict of interest referred to in Section 2 above; and
- v. cause papers for the material litigations referred to in Section 5 above.

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## ANCOM BERHAD

(Registration No. 196901000122 (8440-M))  
(Incorporated in Malaysia)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting ("**EGM**") of Ancom Berhad ("**Ancom**" or the "**Company**") will be conducted entirely through live streaming from the broadcast venue at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan ("**Broadcast Venue**") on Wednesday, 12 August 2020 at 10.00 a.m. using remote participation and voting facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online website at <https://tiih.online>, for the purpose of considering and if thought fit, passing the following resolution:

#### ORDINARY RESOLUTION

**PROPOSED ISSUANCE OF UP TO 66,233,553 FREE WARRANTS IN ANCOM ("WARRANTS B") ON THE BASIS OF ONE (1) WARRANT B FOR EVERY FOUR (4) EXISTING ORDINARY SHARES IN ANCOM ("ANCOM SHARES") HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED FREE WARRANTS ISSUE")**

**"THAT** subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Board of Directors of the Company ("**Board**") to issue and allot up to 66,233,553 Warrants B (with an exercise price to be determined at a later date) to the shareholders of the Company who are registered as a member and whose names appear in the Record of Depositors of the Company as at 5.00 p.m. on a date to be determined by the Board and announced by the Company at a later date, on the basis of one (1) Warrant B for every four (4) existing Ancom Shares held, in accordance with the provisions of the deed poll constituting the Warrants B to be executed by the Company ("**Deed Poll B**");

**THAT** the Board be and is hereby authorised to enter into and execute the Deed Poll B with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company, and with full powers for the Board to implement, finalise and give full effect to the Deed Poll B;

**THAT** the Board be and is hereby authorised to issue and allot such appropriate number of Warrants B in accordance with the provisions of the Deed Poll B and where required, to adjust the exercise price and/or the number of the Warrants B to be issued (including, without limitation, any additional Warrants B as may be required or permitted to be issued) in consequence of the adjustments pursuant to the provisions of the Deed Poll B;

**THAT** the Board be and is hereby authorised to issue and allot such appropriate number of new Ancom Shares pursuant to the exercise of the Warrants B by the Warrants B holders in accordance with the provisions of the Deed Poll B;

**THAT** fractional entitlements arising from the Proposed Free Warrants Issue, if any, shall be disregarded and dealt with in such manner as the Board in its absolute discretion deems fit, expedient and in the best interest of the Company;



**THAT** the new Ancom Shares to be issued and allotted arising from the exercise of the Warrants B shall, upon issuance and allotment, rank equally in all respects with the then existing Ancom Shares, save and except that they will not be entitled to any dividend, right, allotment and/or any other distribution that may be declared, made or paid prior to the date of allotment of such new Ancom Shares to be issued arising from the exercise of the Warrants B;

**THAT** the Board be and is hereby authorised to utilise the proceeds to be raised from the exercise of the Warrants B for such purposes and in such manner as set out in Section 2.5 of the Circular to shareholders of the Company dated 23 July 2020, and the Board be authorised with full powers to vary the manner and/or purpose of the utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities (where required) and in the best interest of the Company;

**AND THAT** the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements (including without limitations, the affixation of the Company's Common Seal) as may be necessary or expedient in order to implement, finalise, give effect and complete the Proposed Free Warrants Issue with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company."

### **By Order of the Board**

**CHOO SE ENG (MIA 5876) (SSM PC No. 201908002341)**  
**WONG WAI FOONG (MAICSA 7001358) (SSM PC No. 202008001472)**  
Company Secretaries

Petaling Jaya  
23 July 2020

#### **Notes:**

1. Pursuant to Section 327(2) of the Companies Act 2016, the Chairman will be present at the Broadcast Venue being the main venue of the EGM. **Members will not be allowed to attend the EGM in person at the Broadcast Venue on the day of the meeting.** Members are to participate, speak (via real time submission of typed texts only) and vote remotely. Please refer to the Administrative Guide available at the Company's website at <http://www.ancom.com.my/egm.php> on registration, participation and voting at the EGM.
2. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 5 August 2020 shall be entitled to participate, speak and vote or appoint proxy(ies) to participate, speak and vote on his behalf at the EGM.
3. A member, including an authorised nominee, entitled to participate, speak and vote at the EGM may appoint not more than two (2) proxies to participate, speak and vote for him. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.
4. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Proxy Form.
6. The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must reach the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the EGM:
  - i. In hardcopy form  
The Proxy Form may be deposited at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01 Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

ii. By electronic means

*The Proxy Form can be electronically lodged with the Company's Share Registrar via TIIH Online website at <https://tjih.online>. Please refer to the Administrative Guide on the appointment and registration of proxy for the EGM.*

7. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
8. *For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:*
- i. *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*
- ii. *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, of whom one shall be a director; or, (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*



PROXY FORM

ANCOM BERHAD

(Registration No. 196901000122 (8440-M))
(Incorporated in Malaysia)

Table with 2 columns: CDS Account No., No. of shares held

I/We (FULL NAME IN BLOCK CAPITAL) \*NRIC/Company No.

of (FULL ADDRESS)

being (a) member(s) of ANCOM BERHAD (196901000122 (8440-M)), hereby appoint:

Table with 3 columns: Name, Address, Proportion of shareholdings to be represented

or failing \*him/her, the Chairman of the Meeting as \*my/our \*proxy/proxies to participate and to vote for \*me/us on \*my/our behalf at the Extraordinary General Meeting of the Company to be conducted entirely through live streaming from the Broadcast Venue at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 12 August 2020 at 10.00 a.m. and to vote as indicated below:

Table with 3 columns: ORDINARY RESOLUTION, FOR, AGAINST

(Please indicate with an "X" on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

(\*Delete if not applicable)

Dated this day of 2020

Table with 1 column: Telephone No. during office hours

Signature/Common Seal of shareholder(s)

Notes:

- 1. Pursuant to Section 327(2) of the Companies Act 2016, the Chairman will be present at the Broadcast Venue being the main venue of the EGM. Members will not be allowed to attend the EGM in person at the Broadcast Venue on the day of the meeting.
2. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 5 August 2020 shall be entitled to participate, speak and vote or appoint proxy(ies) to participate, speak and vote on his behalf at the EGM.
3. A member, including an authorised nominee, entitled to participate, speak and vote at the EGM may appoint not more than two (2) proxies to participate, speak and vote for him. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.
4. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Proxy Form.
6. The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must reach the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the EGM:
i. In hardcopy form
The Proxy Form may be deposited at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01 Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
ii. By electronic means
The Proxy Form can be electronically lodged with the Company's Share Registrar via TIH Online website at https://tiah.online. Please refer to the Administrative Guide on the appointment and registration of proxy for the EGM.



7. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
8. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
- i. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - ii. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, of whom one shall be a director; or, (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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AFFIX  
STAMP

**ANCOM BERHAD (Registration No. 196901000122 (8440-M))**

The Share Registrar:  
Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

2nd Fold Here

Fold This Flap For Sealing