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If you are in 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)

**PART A :
CIRCULAR TO SHAREHOLDERS**

in relation to

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE
FOR RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs")
OF A REVENUE OR TRADING NATURE
("Proposed Renewal of Shareholders' Mandate for RRPTs")

**PART B :
STATEMENT**

in relation to

PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK MANDATE
("Proposed Renewal of Share Buy-Back Mandate")

THIS CIRCULAR/STATEMENT IS ISSUED IN CONJUNCTION WITH THE RELEVANT RESOLUTIONS TO BE TABLED AT THE 51ST ANNUAL GENERAL MEETING ("AGM") OF THE COMPANY.

The relevant resolutions will be tabled as Special Businesses at the Company's **51st AGM**, which 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, 21 October 2020 at 2.30 p.m.** using remote participation and voting facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Sdn. Bhd. via its TIH Online website at <https://tjih.online>. The Notice of the 51st AGM together with the Proxy Form are enclosed in the Company's 2020 Annual Report which are available via the Company's website at <http://www.ancom.com.my/agm.php>

If you are unable to participate, speak and vote at the Company's 51st AGM, you may appoint a proxy(ies) to do so by completing and depositing the 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 51st AGM. If you are an individual shareholder, you can also lodge the Proxy Form electronically via TIH Online website at <https://tjih.online> before the proxy appointment cut-off time as mentioned below:

Last date and time for lodging the Proxy Form : Monday, 19 October 2020 at 2.30 p.m.

Date and time of the 51st AGM : Wednesday, 21 October 2020 at 2.30 p.m.

This Circular/Statement is dated 29 September 2020

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular/Statement:

Act	:	Companies Act 2016 as amended from time to time and any re-enactment thereof
AGM	:	Annual General Meeting
Ancom or Company	:	Ancom Berhad [Registration No : 196901000122 (8440-M)]
Ancom Group or Group	:	Ancom and its subsidiaries
Ancom Share(s) or Share(s)	:	Ordinary share(s) of Ancom
Board	:	Board of Directors of Ancom
Bursa Securities	:	Bursa Malaysia Securities Berhad [Registration No : 200301033577 (635998-W)]
Code	:	Malaysian Code on Takeovers and Mergers, 2010, including any amendments thereto that may be made from time to time
Director(s)	:	Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of Ancom or any other company which is its subsidiary or holding company or a chief executive officer of Ancom, its subsidiary or holding company
EPS	:	Earnings per share
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities including any amendments that may be made from time to time
LPD	:	Latest practicable date prior to the printing of this Circular/Statement, being 1 September 2020
Major Shareholder(s)	:	A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is <ol style="list-style-type: none">ten per centum (10%) or more of the total number of voting shares in the Company; orfive per centum (5%) or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. <p>For the purpose of this definition, "interest in shares" shall have the meaning given in Section 8 of the Act. It also includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company (as defined above) or any other company which is its subsidiary or holding company</p>
MMSB	:	Malay Mail Sdn. Bhd. [Registration No : 199201008009 (239512-V)]
NA	:	Net assets

DEFINITIONS (cont'd)

Person Connected	:	In relation to any person (referred to as "said Person") means such person who falls under any one of the following categories : (a) a family member of the said Person; (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary; (c) a partner of the said Person; (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person; (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than twenty per centum (20%) of the votes attached to voting shares in the body corporate; or (g) a body corporate which is a related corporation of the said Person.
Proposed Renewal of Shareholders' Mandate for RRPTs	:	Proposed renewal of existing shareholders' mandate for RRPTs
Proposed Renewal of Share Buy-Back Mandate	:	Proposed renewal of shareholders' mandate for the purchase by Ancom of its own shares
Related Party(ies)	:	A Director, Major Shareholder or person connected with such director or Major Shareholder
RM	:	Ringgit Malaysia
RRPTs	:	Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations and in the ordinary course of business of Ancom Group
Share Buy-back	:	The purchases of Shares pursuant to the Proposed Renewal of Share Buy-Back Mandate
Treasury Share(s)	:	The purchased shares which are retained by the Company and shall have the meaning given under Section 127 of the Act

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular/Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular/Statement shall be a reference to Malaysian time, unless otherwise specified.

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PART A

Proposed Renewal of Shareholders' Mandate for RRPTs



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

29 September 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: The Shareholders of Ancom

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPTS")

1. INTRODUCTION

The Company had on 18 September 2020 announced that it will be seeking a renewal of mandate from the shareholders in respect of RRPT with existing transacting Related Party(ies) in accordance with Paragraph 10.09 of the Listing Requirements ("Proposed Renewal of Shareholders' Mandate for RRPTS") at its forthcoming 51st AGM. The previous mandate, which was obtained at the 50th AGM on 17 October 2019, will expire upon the conclusion of 51st AGM.

This circular serves to provide the shareholders with the relevant information on the Proposed Renewal of Shareholders' Mandate for RRPTS, sets out the views and recommendations of the Board and to seek the approval of the shareholders for the resolution to be tabled at the 51st AGM of the Company.

2. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPTS

2.1 Introduction

Under Paragraph 10.09 of the Listing Requirements and Practice Note No. 12, the Company may seek a mandate from shareholders in respect of RRPT which are necessary for its day-to-day operations subject to the following:

- the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;

- the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;
- the Company's circular to shareholders seeking mandate from the shareholders shall include information as may be prescribed by Bursa Securities;
- in a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him would abstain from voting on the resolution approving the transactions; and
- the Company will immediately announce to Bursa Securities when the actual value of RRPT entered into by the Company exceeds the estimated value of the RRPT disclosed in the Company's circular to shareholders by ten per centum (10%) or more and must include the information as may be prescribed by Bursa Securities in its announcement.

2.2 Transaction Details

The Company is principally a management and investment holdings company with its subsidiaries involved in, inter alia, the following:

- Agricultural Chemicals – manufacturing, trading and sale of agricultural chemical products;
- Industrial Chemicals – manufacturing, trading and sale of industrial chemical products;
- Polymer – manufacturing and marketing of polymer products.
- Logistics – ship-owning, ship-operating, land transportation, container haulage, bulk cargo handling, chemicals warehousing and related services;
- Media – provision of out-of-home and digital advertising media space; and
- Other businesses include education, information technology and manufacturing and sales of electrical components.

The companies within the Group have entered into certain RRPT in the ordinary course of business and it is anticipated that they would continue to enter into such RRPT with some degree of frequency at any time.

In view of the time-sensitive and frequent nature of such RRPT, the Company wishes to seek approval from its shareholders for the Group, in its ordinary course of business, to continue to enter into such RRPT provided such RRPT are made at arm's length, on the Group's normal commercial terms and on terms not more favourable to the Related Party(ies) than those generally available to the public and are not to the detriment of minority shareholders of the Company.

The Proposed Renewal of Shareholders' Mandate for RRPTs will apply to transactions with the following Related Party(ies) as detailed below :

<i>Related Party</i>	<i>Transacting Party</i>	<i>Nature of Transactions</i>	<i>Relationship between Ancom Group and the Related Party</i>	<i>Estimated Value for Previous Mandate</i> <i>(RM'000)</i>	<i>Actual Value Transacted from Previous Mandate Obtained up to LPD</i> <i>(RM'000)</i>	<i>Deviation of Actual Value against Estimated Value for Previous Mandate</i> <i>(RM'000) / (%)</i>	<i>Estimated Value for Current Mandate</i> <i>(RM'000)</i>
MMSB	Ancom Group	Provision of advertising space in the newspaper and other media channels by MMSB to Ancom Group	<i>(Note 1)</i>	12,000	281	(11,719) / (97.66)%	4,000 <i>(Note 2)</i>

Note 1

- (i) *Ancom Group refers to Ancom and its subsidiaries.*
- (ii) *Dato' Siew Ka Wei ("DSKW") is a Director and Major Shareholder of Ancom through his direct and indirect interest in the Company. His indirect interest includes the interests of Datin Young Ka Mun ("DYKM"-wife), Quek Lay Kheng ("QLK"-sister-in-law), Silver Dollars Sdn Bhd ("SDSB"-family company) and Siew Nim Chee & Sons Sdn Bhd ("SNCS"-family company).*
- (iii) *DSKW is a director of Dahlia Megah Sdn Bhd ("DMSB") and he holds 50% equity interest in DMSB. DMSB holds 46.8% direct interest in MMSB while DSKW hold 27.0% direct interest in MMSB. DSKW is also a director of MMSB.*
- (iv) *By virtue of the above relationships, MMSB is deemed a related party to Ancom. DSKW is the interested Director and the interested Major Shareholder whereas DYKM, QLK, SDSB and SNCS are the Interested Persons Connected.*

Note 2

The basis of arriving of the estimated value is based on the value transaction undertaken as well as the anticipated / forecasted trend or latest information available relating to these transactions. The estimated value covers for the period from current AGM to the next AGM, and it may vary and subject to changes.

2.3 Amount Due and Owing to Ancom Group

As at LPD, there is no outstanding amount due and owing to Ancom Group by the Related Party(ies) which exceeded the credit term for the RRPT.

2.4 Rationale and Benefits

The RRPT envisaged under the Proposed Renewal of Shareholders' Mandate for RRPTs are in the ordinary course of business of the Group and are undertaken at arm's length, on normal commercial terms which are not more favourable to the Related Party(ies) than those generally available to the public and are not detriment to the interest of minority shareholders. The RRPT have reaped mutual benefits and have been and are expected to continue to be beneficial to the businesses of the Group.

In this regard, the Company would like to procure the shareholders' approval on the Proposed Renewal of Shareholders' Mandate for RRPTs which is intended to facilitate these RRPT and would eliminate the need to announce and convene separate general meeting for approval of each transaction. It will therefore reduce substantial administrative time and expenses without compromising the corporate objectives or adversely affecting the business opportunities available to the Group.

2.5 Review Procedures

The thresholds for the approval of RRPT within the Group are as follows :

- (i) RRPT below RM1,000,000 each in value will be reviewed and approved by the Directors or such other senior executive(s) (not being a person connected to the Related Party) designated by the Audit Committee from time to time for such purpose, and tabled for review by the Audit Committee on a quarterly basis ;
- (ii) RRPT equal to or exceeding RM1,000,000 each in value will be reviewed and approved by the Audit Committee.

The Group has established the following procedures in relation to the RRPT :

- (i) The relevant employees of the Group are notified of the identities of the Related Parties and will be required prior to entering into such transaction, to ensure that all the RRPT are consistent with the Group's normal business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders.
- (ii) The transaction prices and terms are determined based on the prevailing market rates which are determined by market forces and other relevant factors. Where practical and feasible, quotations and/or tenders will be obtained from unrelated parties for the same or substantially similar products or services for at least two (2) other contemporaneous transactions with unrelated third parties for similar services will be used as comparison, wherever possible, to determine whether the price and terms offered to the Related Parties are fair and reasonable and comparable to those

offered to other unrelated third parties for the same or substantially similar type of services. Where it is impractical or impossible for quotes and/or tenders to be obtained from unrelated parties, or where there has not been any similar or substantially similar transactions between the Group and unrelated third parties, the terms of the transactions for the products or services will be in accordance with applicable industry norms, prevailing commercial rates and at rates not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

- (iii) All RRPT will be reviewed monthly by the Company's Finance Department to ensure they are within the shareholders' mandate obtained.
- (iv) Records will be maintained by the Company's Finance Department to capture all RRPT which are entered into pursuant to the Proposed Renewal of Shareholders' Mandate for RRPTs.
- (v) Additional information pertaining to the RRPT may be requested from independent sources or advisers, if required.
- (vi) The Company's internal audit plan will incorporate an annual review of all RRPT entered into during the financial year to ensure that the relevant approvals have been obtained and the review procedures are adhered to.
- (vii) Disclosure will also be made in the subsequent annual report of the Company on the amount of RRPT transacted pursuant to the Proposed Renewal of Shareholders' Mandate for RRPTs.
- (viii) The Audit Committee will also consider from time to time whether the established guidelines and procedures for RRPT have become inappropriate and/or are unable to ensure that the transactions will be on normal commercial terms, and/or will prejudice the interests of shareholders generally. Notwithstanding the above, the guidelines and procedures for RRPT will be reviewed by the Audit Committee at least once in a financial year.

2.6 Statement by Audit Committee

The Audit Committee has considered the procedures and guidelines stated in Section 2.5 above and is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner.

The Audit Committee is also satisfied that the said procedures and guidelines are sufficient to ensure that the RRPT undertaken are on arm's length basis and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

The Audit Committee conducts the review of these procedures and processes on an annual basis.

2.7 Validity

The Proposed Renewal of Shareholders' Mandate for RRPTs is subject to annual renewal. In this respect, the authority conferred by the Proposed Renewal of Shareholders' Mandate for RRPTs shall continue to be in force until:

- the conclusion of the next AGM of the Company, at which time it will lapse, unless the authority is renewed by a resolution passed at the meeting;
- the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
- revoked or varied by resolution passed by the shareholders at a general meeting; whichever is the earlier.

2.8 Effects

The Proposed Renewal of Shareholders' Mandate for RRPTs will not have any effect on the share capital and shareholding structure of the Company. There will also be no impact on the consolidated NA and EPS of the Company.

2.9 Directors', Major Shareholders' and Persons Connected with Directors and/or Major Shareholders' Interests

The direct and indirect interest of the interested Directors, Major Shareholders and Persons Connected to them as at LPD are as follows:

	As at LPD			
	Direct		Indirect	
	No. of shares	%*	No. of shares	%*
<u>Interested Directors</u>				
DSKW	27,943,820	11.67	22,396,221#	9.35
Siew Ka Kheong ("SKK") [Alternate to DSKW]	-	-	16,717,185	6.98
<u>Interested Major Shareholders</u>				
DSKW	27,943,820	11.67	22,396,221#	9.35
SKK	-	-	16,717,185	6.98
<u>Persons Connected with the Interested Directors / Major Shareholders</u>				
SDSB	5,200,451	2.17	-	-
SNCS	15,992,185	6.68	-	-
DYKM	478,585	0.20	-	-
QLK	725,000	0.30	-	-

Notes:

- * Based on share capital of 239,525,225 ordinary shares (excludes 13,424,059 treasury shares)
- # Deemed interested by virtue of his direct and indirect interest held through SDSB, SNCS, DYKM and QLK pursuant to Section 59(11)(c) and/or Section 8(4) of the Act.
- @ Deemed interested by virtue of his indirect interest held through SNCS and QLK pursuant to Section 59(11)(c) and/or Section 8(4) of the Act.

The abovementioned interested Directors, Major Shareholders and Persons Connected to them will abstain from voting on the resolution approving the Proposed Renewal of Shareholders' Mandate for RRPTs at the 51st AGM in respect of their direct and/or indirect shareholdings.

DSKW (and his alternate, SKK) being the Director interested in the Proposed Renewal of Shareholders' Mandate for RRPTs, have abstained and will continue to abstain from the Board's deliberations on the resolution approving the Proposed Renewal of Shareholders' Mandate for RRPTs and will abstain from voting in respect of his direct and/or indirect shareholdings in Ancom on the resolution approving the Proposed Renewal of Shareholders' Mandate for RRPTs at the 51st AGM.

DSKW and SKK, being the Major Shareholders interested in the Proposed Renewal of Shareholders' Mandate for RRPTs, will abstain from voting in respect of their direct and/or indirect shareholdings in Ancom on the resolution approving the Proposed Renewal of Shareholders' Mandate for RRPTs at the 51st AGM.

SDSB, SNCS, DYKM and QLK, being the persons connected to DSKW and SKK, will abstain from voting in respect of their direct and/or indirect shareholdings in Ancom on the resolution approving the Proposed Renewal of Shareholders' Mandate for RRPTs at the 51st AGM.

DSKW and SKK, being the interested Directors and Major Shareholders, have undertaken that they will ensure that the persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in Ancom on the resolution approving the Proposed Renewal of Shareholders' Mandate for RRPTs at the 51st AGM.

Save as disclosed in the above, none of the Directors or Major Shareholders or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate for RRPTs.

3. DIRECTORS' RECOMMENDATION

The Board (save and except for the Interested Directors who have abstained from forming any opinion and making any recommendations) is of the opinion that the Proposed Renewal of Shareholders' Mandate for RRPTs is in the best interest of shareholders and the Company.

The Board (save and except for the Interested Directors who have abstained from forming any opinion and making any recommendations) recommends that the shareholders vote in favour of the resolution approving the Proposed Renewal of Shareholders' Mandate for RRPTs to be tabled at the forthcoming 51st AGM.

4. SHAREHOLDERS' APPROVAL AND 51ST AGM

The Proposed Renewal of Shareholders' Mandate for RRPTs is subject to the approval of the shareholders of Ancom at the forthcoming 51st AGM.

The 51st AGM, the Notice of which is enclosed in the Company's 2020 Annual Report and is also available via the Company's website at <http://www.ancom.com.my/agm.php>, will be conducted entirely through live streaming from the Broadcast Venue at No. 2A, Jalan 13/2, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia using remote participation and voting facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Sdn Bhd via its TIIH Online website at <https://tiah.online> on Wednesday, 21 October 2020 at 2.30 p.m..

If you are unable to participate, speak and vote at the 51st AGM, you may appoint a proxy(ies) to do so by completing and depositing the 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 for holding the 51st AGM. If you are an individual shareholder, you can also lodge the Proxy Form electronically via TIIH Online website at <https://tiah.online>. The last day and time for lodging the Proxy Form is Monday, 19 October 2020 at 2.30 p.m.

5. FURTHER INFORMATION

Shareholders are requested to refer to the attached appendices for further information.

Yours faithfully
For and on behalf of the Board
ANCOM BERHAD

Edmond Cheah Swee Leng
Chairman of the Audit Committee

PART B

Proposed Renewal of Share Buy-Back Mandate



ANCOM BERHAD

[Registration No : 196901000122 (8440-M)]
(Incorporated in Malaysia)

STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO PURCHASE ANCOM BERHAD'S OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE")

The purpose of this Statement is to provide you, the shareholders of Ancom, with details of the Proposed Renewal of Share Buy-Back Mandate, and to seek your approval for the resolution relating thereto to be tabled at the 51st AGM of the Company.

1. INTRODUCTION

On 18 September 2020, the Company announced its intention to seek the shareholders' approval for the renewal of mandate from the shareholders for the Company to purchase up to ten per centum (10%) of the total number of issued Shares in accordance with the provisions of Section 127 of the Act, the Company's Constitution and the Listing Requirements.

2. PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

2.1 Validity

At the 50th AGM of the Company held on 17 October 2019, shareholders' had given their mandate to the Company to purchase its Shares. In accordance with the Listing Requirements, the said authority will expire upon the conclusion of the forthcoming 51st AGM of the Company. As such, the Company wishes to seek a renewal of mandate from the shareholders at the 51st AGM to purchase such number of Shares provided that the Shares so purchased shall (in aggregate with the Treasury Shares) not exceed ten per centum (10%) of the total number of issued Shares of the Company for the time being.

The Proposed Renewal of Share Buy-Back Mandate, if given by the shareholders, shall be effective immediately upon passing of the ordinary resolution at the forthcoming 51st AGM and shall remain valid until the conclusion of the next AGM of the Company, unless earlier revoked or varied by resolution passed by the shareholders in general meeting, or upon the expiration of the period within the next AGM after the date on which the authority conferred by the resolution is required by the law to be held, whichever occurs first.

2.2 Rationale

The Proposed Renewal of Share Buy-Back Mandate would enable the Company to undertake the Share Buy-Back when the Board is of the opinion that the prevailing market prices of the Shares do not reflect the underlying value of the Group. It is also aimed at reducing any unwarranted volatility of the market prices of the Shares in the open market.

The Share Buy-Back would enhance the consolidated EPS of the Company if the Shares purchased are cancelled which resulting in a reduction in the issued and paid-up share capital of the Company. In the event the purchased Shares are kept as Treasury Shares and were resold at a higher price, the shareholder's equity of the Company may be increased by realizing the capital gain. The Treasury Shares may also be distributed as share dividend to reward the shareholders.

The Company would buy back the shares only after the Board has given due consideration to its potential impact on the Company's earnings and financial position and that the Board is of the opinion that it would be in the best interest of the Company to do so.

The actual treatment of the purchased Shares would depend on, inter-alia, the prevailing equity market conditions and the financial position of Ancom.

2.3 Ranking

The rights attached to the Treasury Shares in relation to voting, dividends and participation in any other distributions or otherwise are suspended. The Treasury Shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

2.4 Funding

A sum of not exceeding the Company's retained profit at the time of purchase will be allocated for the Proposed Renewal of Share Buy-Back Mandate. Based on the latest audited financial statements as at 31 May 2020, the retained profits of the Company was RM3,668,000.

The Share Buy-Back will be funded from internally generated funds and bank borrowings. The amount of internally generated funds and/or bank borrowings to be utilized will only be determined in due course depending on the availability of internal generated funds, actual number of shares to be purchased and/or held, the anticipated future cash flow and relevant cost of the bank borrowings.

2.5 Potential Advantages and Disadvantages

For the potential advantages of the implementation of the Share Buy-Back, please refer to Section 2.2 above.

The Share Buy-Back, if implemented, will however, reduce the available financial resources of the Company which could be used to distribute cash dividend to its shareholders. In addition, it may result in the Company foregoing other feasible investment opportunities that may emerge in the future and/or any income that may be derived from the deposit of such funds in interest bearing instruments.

The cashflow of the Company may be affected if the Company decides to use bank borrowings to finance the Share Buy-Back. In addition, the Share Buy-Back may reduce the consolidated NA of the Company if the purchase price is higher than the consolidated NA of the Company at the time of purchase.

In light of the above, the Board will be mindful of the interests of the Company and its shareholders when implementing the Share Buy-Back.

2.6 Effects

(a) On Share Capital

It is the intention of the Company to retain the Shares so purchased as Treasury Shares. As such, the Share Buy-Back will not have any effect on the issued share capital of Ancom. Nevertheless, certain rights attached to the Shares will be suspended while they are held as Treasury Shares.

(b) On NA and EPS

The effects of the Proposed Renewal of Share Buy-Back Mandate on NA and EPS are dependent on the number of Shares eventually purchased and the purchase prices of the Shares, the effective cost of funding and the treatment of the Shares purchased.

Upon resale of the Treasury Shares, the NA per Share will increase assuming that the resale price is higher than the cost of purchase. Similarly, the EPS will increase if the selling price is higher than the purchase price of such Shares together with the interest forgone or interest expense incurred on the Shares purchased.

(c) On Working Capital

The Share Buy-Back would reduce the funds available for working capital purposes of Ancom, the quantum of which would depend on the price paid for the Ancom Shares, the actual number of the purchased Shares and any associated costs incurred in making the purchase.

On the other hand, upon resale of the Treasury Shares, the proceeds arising thereof would increase Ancom's working capital. Again, the quantum of the increase would depend on the number of Treasury Shares resold, the selling prices and any associated costs incurred in making the sale.

(d) On Dividend

The Share Buy-Back may have an impact on the Company's dividend policy as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the Treasury Shares purchased may be distributed as dividends to the shareholders of the Company if the Board so decides.

3 DIRECTORS', MAJOR SHAREHOLDERS' AND PERSONS CONNECTED WITH DIRECTORS AND/OR MAJOR SHAREHOLDERS' SHAREHOLDING

The following table illustrates the effects of the Proposed Renewal of Share Buy-Back Mandate on the shareholding of Directors, Major Shareholders and persons connected with Directors and/or Major Shareholders of Ancom as at LPD, assuming Ancom purchases 11,870,869 Shares which together with the 13,424,059 Treasury Shares remaining, represents ten per centum (10%) of the total number of issued Shares :

	As at LPD				After share buy-back of maximum 10%	
	Direct	Indirect	Total		(Ancom Shares are cancelled)	(Ancom Shares are resold)
	No. of Shares	No. of Shares	No. of Shares	%*	%**	%***
Directors						
DSKW	27,943,820	22,396,221 ⁽¹⁾	50,340,041	21.02	22.11	19.90
Tan Sri Dato' Dr Lin See Yan	400,000	-	400,000	0.17	0.18	0.16
Chan Thye Seng (CTS)	-	47,077,140 ⁽²⁾	47,077,140	19.65	20.68	18.61
Siew Ka Kheong (SKK) [alternate to DSKW]	-	16,717,185 ⁽⁴⁾	16,717,185	6.98	7.34	6.61
Major Shareholders						
DSKW	27,943,820	22,396,221 ⁽¹⁾	50,340,041	21.02	22.11	19.90
Pacific & Orient Berhad (P&O)	35,065,775	11,648,365 ⁽³⁾	46,714,140	19.50	20.52	18.47
CTS	-	47,077,140 ⁽²⁾	47,077,140	19.65	20.68	18.61
SNCS	15,992,185	-	15,992,185	6.68	7.02	6.32
SKK	-	16,717,185 ⁽⁴⁾	16,717,185	6.98	7.34	6.61
Persons Connected with the Directors / Major Shareholders						
SNCS	15,992,185	-	15,992,185	6.68	7.02	6.32
SDSB	5,200,451	-	5,200,451	2.17	2.28	2.06
DYKM	478,585	-	478,585	0.20	0.21	0.19
QLK	725,000	-	725,000	0.30	0.32	0.29
Pacific & Orient Insurance Co. Berhad ("P&OI") (A wholly-owned subsidiary of P&O)	11,648,365	-	11,648,365	4.86	5.12	4.61
Tysim Holdings Sdn Bhd ("THSB") (Company in which CTS has 25% equity interest)	33,000	-	33,000	0.01	0.01	0.01
Tan Soo Leng ("TSL") (Wife of CTS)	330,000	-	330,000	0.14	0.15	0.13

Notes:

* Based on 239,525,225 Shares (excludes the existing 13,424,059 treasury shares)

** Based on 227,654,356 Shares (Excluding 25,294,928 Treasury Shares)

*** Based on 252,949,284 Shares

(1) Deem interested by virtue of his direct and indirect interest held through SNCS, SDSB, DYKM and QLK.

(2) Deem interested by virtue of his direct and indirect interest held through P&O, P&OI, THSB and TSL.

(3) Deem interested by virtue of its direct and indirect interest held through P&OI, a wholly-owned subsidiary.

(4) Deem interested by virtue of his indirect interest held through SNCS and QLK.

Save as disclosed in the above, none of the Directors, Major Shareholders or Persons Connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Mandate and resale of Treasury Shares.

4. IMPLICATION UNDER THE CODE

Based on the Company's issued share capital and the current shareholdings of the Major Shareholders and/or parties acting in concert as at LPD, and assuming that the Share Buy-Back is implemented in full, none of the Major Shareholders and/or parties acting in concert is expected to trigger a mandatory general offer obligation under the Code.

5. DETAILS OF TRANSACTIONS

Details of the transactions during the past twelve (12) months :

Month	No. of Shares Purchased / (No. of Treasury Shares Resold)	Highest (RM)	Lowest (RM)	Average (RM)	Consideration Paid / (Received) (RM)
2019					
September	764,900	0.480	0.460	0.469	360,384
October	2,099,400	0.500	0.460	0.475	1,002,187
November	3,688,400	0.495	0.460	0.479	1,774,125
December	314,600	0.500	0.490	0.494	156,274
2020					
January	nil	n/a	n/a	n/a	nil
February	nil	n/a	n/a	n/a	nil
March	85,200	0.675	0.580	0.646	55,321
April	nil	n/a	n/a	n/a	nil
May	nil	n/a	n/a	n/a	nil
June (Note 1)	(3,450,000)	0.720	0.710	0.710	(2,441,411)
July (Note 2)	(1,709,300)	0.860	0.810	0.823	(1,402,118)
August	100,000	0.790	0.790	0.790	79,354

Note 1

29 June 2020 for 1,300,000 Treasury Shares resold for RM919,588/-.
(Highest RM0.710 ; Lowest RM0.710 ; Average : RM0.710)

30 June 2020 for 2,150,000 Treasury Shares resold for RM1,521,823/-.
(Highest RM0.720 ; Lowest RM0.710 ; Average : RM0.710)

Note 2 :

16 July 2020 for 1,709,300 Treasury Shares resold for RM1,402,118/-
(Highest RM0.860 ; Lowest RM0.810 ; Average : RM0.823)

There were no cancellation of Shares made during the past twelve (12) months. As at LPD, a total of 13,424,059 Treasury Shares were held by the Company.

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 September 2019 to August 2020 are set out below:

	Highest (RM)	Lowest (RM)
2019		
September	0.480	0.455
October	0.500	0.455
November	0.495	0.455
December	0.605	0.485
2020		
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	0.800	0.680
July	1.050	0.705
August	1.150	0.720

Last transacted market price on the LPD

RM0.940

7. PUBLIC SHAREHOLDING SPREAD

The Board will ensure that the Company will not purchase its Shares which will result in the Company's public shareholding spread falling below the minimum requirements of twenty-five per centum (25%). As at LPD, the public shareholding spread of the Company stood at approximately 55.56%.

8. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Mandate, is of the opinion that the proposal is in the best interest of the Shareholders and the Company. The Board recommends that the Shareholders vote in favour of the resolution pertaining to the Proposed Renewal of Share Buy-Back Mandate to be tabled at the forthcoming 51st AGM.

9. SHAREHOLDERS' APPROVAL AND 51ST AGM

The Proposed Renewal of Share Buy-Back Mandate is subject to the approval of the shareholders of Ancom at the forthcoming 51st AGM.

The 51st AGM, the Notice of which is enclosed in the Company's 2020 Annual Report and is also available via the Company's website at <http://www.ancom.com.my/agm.php>, will be conducted entirely through live streaming from the Broadcast Venue at No. 2A, Jalan 13/2, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia using remote participation and voting facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Sdn Bhd via its TIIH Online website at <https://tjih.online> on Wednesday, 21 October 2020 at 2.30 p.m..

If you are unable to participate, speak and vote at the 51st AGM, you may appoint a proxy(ies) to do so by completing and depositing the 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 for holding the 51st AGM. If you are an individual shareholder, you can also lodge the Proxy Form electronically via TIIH Online website at <https://tjih.online>. The last day and time for lodging the Proxy Form is Monday, 19 October 2020 at 2.30 p.m.

This Statement is dated 29 September 2020.

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FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and its Directors individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts the omission of which would make any information herein misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, Ancom and its subsidiaries have not entered into any material contracts (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Circular :

- (a) Share Sale Agreement dated 19 April between Redberry Sdn Bhd ("RSB", a subsidiary of the Company) and VGI Global Media (Malaysia) Sdn Bhd ("VGIM") for the disposal of 40% equity interest in Puncak Berlian Sdn Bhd by RSB to VGIM for total consideration of RM9,600,000.
- (b) Share Sale Agreement dated 19 July 2019 between Redberry Sdn Bhd ("RSB", a subsidiary of the Company) and Puncak Berlian Sdn Bhd ("PBSB") for the acquisition of :
 - 83.9% equity interest in Redberry Ambient Sdn Bhd for RM1,300,000.
 - 90.0% equity interest in Redberry Outdoors Sdn Bhd for RM1.
 - 90.0% equity interest in Ten Plus Resources Sdn Bhd for RM1.
 - 49.0% equity interest in Redberry Media Sdn Bhd for RM1.
 - 100% equity interest in Redberry Advertising Sdn Bhd for RM1.
 by RSB from PBSB.
- (c) Heads of Agreement dated 16 July 2020 between Ancom, Ancom Logistics Berhad ("ALB", a subsidiary of the Company), S7 Holdings Sdn Bhd, Merrington Assets Limited, MY E.G. Capital Sdn Bhd and Avocat Sdn Bhd for acquisition of new business by ALB and disposal of ALB's existing core business to Nylex (Malaysia) Berhad (a subsidiary of the Company), as part of ALB's group restructuring exercise, subject to the valuation and based on the terms and conditions to be agreed by the parties.
- (d) Offer to Purchase Agreement dated 1 September 2020 between Ancom Logistics Berhad ("ALB", a subsidiary of the Company) and S7 Holdings Sdn Bhd ("S7") for the acquisition of 76.38% equity interest in S5 Holdings Inc by ALB from S7.

3. 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:

- (a) 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 KPFT 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 recorded a consent judgement between ACCSB and KPFTSB on 2 September 2020 on the terms of repayment of the sum of RM4,213,259.87 by KPFTSB to ACCSB.

- (b) 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 and later adjourned to 22 October 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.

- (c) On 4 September 2018, Redberry Sdn Bhd ("RBSB"), a subsidiary of the Company, vide its solicitors served a Writ of Summons and Statement of Claim against Utusan Melayu (Malaysia) Berhad ("Utusan") to claim for return of deposits totaling RM8,500,000 for the proposed "advertisement, branding and communication" exercise vide its letter dated 30 April 2018.

On 23 October 2018, Utusan filed a counter-claim for damages and exemplary damages of RM48,320,000 ("Counter-claims").

RBSB has filed an application for the summary judgement and the High Court at Kuala Lumpur had on 11 February 2019 awarded a summary judgement in favour of RBSB to recover the deposit of RM8,500,000 ("Summary Judgement").

On 8 April 2019, RBSB and Utusan entered into a Settlement Agreement wherein Utusan shall settle the Summary Judgement for the sum of RM8,500,000 ('Judgement Sum'), withdraw the Counter-claim appeal against the Summary Judgement and application for stay of execution proceedings by Utusan.

The salient terms of the Settlement Agreement, amongst others, are:

- (i) RM482,194.44 shall be set off against the Judgement Sum, being the settlement of the amount owing by RBSB to Utusan;
- (ii) Utusan shall procure Utusan Airtime Sdn Bhd, a wholly-owned subsidiary of Utusan, to transfer all its shares in Titanium Compass Sdn Bhd ('TCSB') representing 20% of the issued and paid up capital of TCSB free from encumbrances, valued at RM6,000,000, which shall be set off against the Judgement Sum.; and
- (iii) RBSB shall bear the agreed portion of the loss suffered by Utusan of RM2,017,805.56 in connection to the previous supply agreement by setting off the amount against the Judgement Sum.

Upon signing of the Settlement Agreement, RBSB undertakes not to execute the Summary Judgement against Utusan and Utusan shall within five (5) days from the execution of the Settlement Agreement, withdraw its counter-claim, appeal against the Summary Judgement and stay of execution with no liberty to file afresh.

- (d) On 4 September 2018, Nylex (Malaysia) Berhad (“Nylex”), a subsidiary of the Company, vide its solicitors, served a Writ of Summons and Statement of Claim against Utusan Melayu (Malaysia) Berhad (‘Utusan’) to claim for return of deposits totaling RM10,000,000 for the proposed “advertisement, branding and communication” exercise, “Nationwide Corporate Branding” and “Corporate Social Responsibility” campaign.

On 8 April 2019, Nylex and Utusan entered into a Settlement Agreement for the settlement of the claim of RM10,000,000 by Nylex, application for security for costs by Nylex (collectively ‘Nylex’s Claim’) and the counter-claim by Utusan.

The salient terms of the Settlement Agreement, amongst others, are:

- (i) Utusan shall procure its wholly owned subsidiary, Juasa Holdings Sdn Bhd (“Proprietor”) to enter into a sale and purchase agreement with Nylex to transfer to Nylex all of its rights, title and interest in and to a parcel known as Unit No. 7-10, Wisma 730 (The Trax), No.1 Jalan Lima Off Jalan Chan Sow Lin, 54200 Kuala Lumpur measuring 10,335 square feet erected on master title Pajakan Negeri (WP) 52759 Lot No. 50066 Seksyen 92 Bandar Kuala Lumpur Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (“Trax Property”) for value of RM6,700,000 to be set off against the Nylex’s Claim;
- (ii) Utusan shall pay Nylex a total of RM2,886,051.82 (“the Cash Payment”) vide fourteen (14) monthly instalments, of which 13 monthly instalments shall be RM200,000.00 each and a final instalment of RM286,051.82, the first instalment to be paid by 31 January 2020. Upon full payment of the Cash Payment, a sum equivalent to the Cash Payment shall be set off against Nylex’s Claim; and
- (iii) Utusan shall also reimburse Nylex the stamp duty for the assignment or transfer of the Trax Property to Nylex by 31 March 2021.

On 16 July 2019, Nylex and Utusan have entered into a Supplemental Settlement Agreement. The salient terms of the Supplemental Settlement Agreement, amongst others, are:

- (i) Utusan is required under the relevant provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other applicable guidelines to obtain a valuation report from an approved valuer and to obtain shareholders’ approval for the transfer of the Trax Property from the Proprietor to Nylex; and
- (ii) Due to the additional time required for Utusan to obtain the said valuation report before it can make an announcement on the sale and purchase agreement between the Proprietor and Nylex, Parties have agreed to grant Utusan up to 31 July 2019 or at any later date agreed by all Parties in writing to procure the Proprietor to execute the sale and purchase agreement for the transfer of the Trax Property.

On 12 September 2019, Nylex and Utusan executed the Sale and Purchase Agreement for the Trax Property and completed the sale and purchase of the Trax Property.

4. 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 51st AGM:

- i. Constitution of Ancom;
- ii. audited consolidated financial statements of Ancom for the past two (2) financial years up to the FYE 31 May 2020 and the latest unaudited quarterly report of Ancom for the financial period ended 31 August 2020; and
- iii. cause papers for the material litigations referred to in Section 3 above.