

THIS CIRCULAR / STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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.

Bursa Malaysia Securities Berhad has not perused the contents of the Proposed SBB Mandate (as defined herein) prior to the issuance of this Circular/Statement, and takes no responsibility for the contents of this Circular/Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular/Statement.



ANCOM BERHAD

(Company No.: 8440-M)
(Incorporated in Malaysia)

**PART A :
CIRCULAR TO SHAREHOLDERS**

in relation to

**PROPOSED NEW AND RENEWAL OF SHAREHOLDERS' MANDATE
FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE
(“Proposed RRPT Mandate”)**

**PART B :
STATEMENT**

in relation to

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE
TO PURCHASE ANCOM BERHAD'S OWN SHARES
(“Proposed SBB Mandate”)**

THIS CIRCULAR/STATEMENT IS ISSUED IN CONJUNCTION WITH THE RELEVANT RESOLUTIONS TO BE TABLED AT THE 48TH ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY.

The relevant resolutions in respect of the above proposals will be tabled as Special Businesses at the Company's 48th AGM, which will be held at **Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 19 October 2017 at 3.00 p.m.**

The Notice of AGM (together with the Proxy Form) is enclosed in the Annual Report 2017 of the Company.

The Proxy Form should be completed and deposited at the Share Registrar's office 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, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than forty-eight (48) hours before the time appointed for the holding of the 48th AGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM, should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Tuesday, 17 October 2017 at 3.00 p.m.
Date and time of AGM : Thursday, 19 October 2017 at 3.00 p.m.

This Circular/Statement is dated 26 September 2017

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 (Company no. 8440-M)
Ancom Group or Group	:	Ancom and its subsidiary companies
Ancom Share(s) or Share(s)	:	Ordinary share(s) of Ancom
Board	:	Board of Directors of Ancom
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company no. 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
FMN	:	Focus Media Network Sdn. Bhd. (Company no. 785190-W)
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 5 September 2017
Major Shareholder(s)	:	A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the Company; or (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company. 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
MMSB	:	Malay Mail Sdn. Bhd. (Company no. 239512-V)
MUSB	:	Meru Utama Sdn. Bhd. (Company no. 125505-X)
NA	:	Net assets

DEFINITIONS (cont'd)

Person Connected	:	In relation to a Director or a Major Shareholder, means such person who falls under any one of the following categories : (a) a family member of the Director or Major Shareholder; (b) a trustee of a trust (other than a trustee for a share scheme of employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder, is the sole beneficiary; (c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder; (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; (e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; (g) a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act; (h) a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or (i) a body corporate which is a related corporation.
Proposed RRPT Mandate	:	Proposed new and renewal of shareholders' mandate for RRPT
Proposed SBB Mandate	:	Proposed renewal of shareholders' mandate for the purchase by Ancom of its own shares
RBO	:	Redberry Outdoors Sdn. Bhd. (Company no. 785698-M)
Redberry	:	Redberry Sdn. Bhd. (Company no. 720809-K)
Redberry Group	:	Redberry and its subsidiary companies
Related Party(ies)	:	A Director, Major Shareholder or person connected with such director or Major Shareholder
RM	:	Ringgit Malaysia
RRPT	:	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 SBB Mandate

DEFINITIONS (cont'd)

- Treasury Share(s) : The purchased shares which are retained by the Company and shall have the meaning given under Section 127 of the Act
- TSSB : Twinstar Synergy Sdn. Bhd. (Company no. 987235-X)

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 RRPT Mandate



ANCOM BERHAD

(Company No. 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

26 September 2017

Directors

Dato' Johari Razak	<i>(Non-Independent Non-Executive Chairman)</i>
Dato' (Dr) Siew Ka Wei	<i>(Group Managing Director)</i>
Tan Sri Dato' Dr Lin See Yan	<i>(Independent Non-Executive Director)</i>
Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid	<i>(Non-Independent Non-Executive Director)</i>
Tan Sri Dato' Seri Abdull Hamid bin Embong	<i>(Independent Non-Executive Director)</i>
Chan Thye Seng	<i>(Non-Independent Non-Executive Director)</i>
Edmond Cheah Swee Leng	<i>(Independent Non-Executive Director)</i>
Lim Hock Chye	<i>(Independent Non-Executive Director)</i>

To: The Shareholders of Ancom

Dear Sir/Madam,

PROPOSED NEW AND RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

At the 47th AGM held on 20 October 2016, the Company had obtained its shareholders' mandate in respect of RRPT. The said mandate shall lapse at the conclusion of the forthcoming 48th AGM scheduled to be held on 19 October 2017.

On 25 August 2017, the Company announced that it proposes to seek shareholders' approval for Proposed RRPT Mandate.

The purpose of this circular is to provide the shareholders with the relevant information on the Proposed RRPT Mandate, 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 48th AGM of the Company.

SHAREHOLDERS OF ANCOM ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RRPT MANDATE.

2. DETAILS OF THE PROPOSED RRPT MANDATE

2.1 Provision under the Listing Requirements

Pursuant to Paragraph 10.09 of the Listing Requirements and Practice Note 12, a listed issuer may seek shareholders' mandate in respect of RRPT subject to, inter-alia, the following:

- (i) 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;
- (ii) 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;

- (iii) the Company's shall include information as may be prescribed by Bursa Securities in its circular to shareholders when seeking its mandate;
- (iv) the interested Directors, interested Major Shareholders 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 in a meeting to obtain the shareholders' mandate. An interested Director or Major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the transactions; and
- (v) immediate announcement to Bursa Securities by the Company when the actual value of RRPT entered into exceeds the estimated value of the RRPT disclosed in the Company's circular to shareholders by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

2.2 Nature of RRPT and Classes of Related Parties

The Company is principally a management and investment holdings company, whilst its subsidiary companies involved in, inter alia, the following:

- Agricultural and Industrial Chemicals – Manufacturing, trading and sale of agricultural and industrial chemical products;
- Logistics – Ship-owning, ship-operating, transportation, container haulage, bulk cargo handling, chemicals warehousing and related services;
- Information Technology – Provision of information technology services and sale of computer hardware and software;
- Media – Provision of out-of-home advertising media services; and
- Polymer – Manufacturing and marketing of polymer products.

The companies within the Group have entered into certain RRPT in the ordinary course of business and it is anticipated that they would, in the ordinary course of business, continue to enter into such RRPT. In addition, it is anticipated that other companies within the Group will also enter into certain RRPT in the ordinary course of business. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

In this regard, 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 and to enter into new 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 Parties than those generally available to the public and are not to the detriment of minority shareholders of the Company.

The Proposed RRPT Mandate for which the shareholders' approval is sought at the forthcoming 48th AGM and the classes of Related Parties in respective RRPT are as follows :

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(a) Renewal of Shareholders' Mandate

Related Party	Transacting Party (Ancom Group)	Nature of Transactions	Relationship between Ancom Group and the Related Party	Estimated Value for Previous Mandate (RM'000)	Actual Value Transacted from Previous Mandate Obtained up to LPD (RM'000)	Deviation of Actual Value against Estimated Value for Previous Mandate (RM'000) & (%)	Estimated Value for Current Mandate (RM'000)
MMSB	Redberry	Provision of advertising space in the newspaper and other media channels by MMSB to Redberry	(Note 1)	10,000	1,299	(8,701) (87.01%)	Nil
	TSSB	Provision of printing services by TSSB to MMSB	(Note 1)	10,000	3,221	(6,779) (67.79%)	10,000 (Note 2)

(b) New Shareholders' Mandate

Related Party	Transacting Party (Ancom Group)	Nature of Transactions	Relationship between Ancom Group and the Related Party	Estimated Value for Previous Mandate (RM'000)	Actual Value Transacted from Previous Mandate Obtained up to LPD (RM'000)	Deviation of Actual Value against Estimated Value for Previous Mandate (RM'000) & (%)	Estimated Value for Current Mandate (RM'000)
MMSB	Ancom	Provision of advertising space in the newspaper and other media channels by MMSB to Ancom and/or Redberry Group, inclusive of Redberry, FMN, MUSB, RBO	(Note 1)	Not Applicable	Not Applicable	Not Applicable	10,000 (Note 2)
	Redberry Group			Not Applicable	Not Applicable	Not Applicable	10,000 (Note 2)

Note 1

- (i) TSSB is a subsidiary of Redberry.
- (ii) FMN, MUSB and RBO are subsidiaries of Puncak Berlian Sdn. Bhd., which in turn is a subsidiary of Redberry.
- (iii) Redberry is a subsidiary of Ancom.
- (iv) Dato' (Dr) 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).
- (v) Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid ("TSAA") is director of Ancom. He does not hold any shares in Ancom.
- (vi) DSKW and TSAA are directors of Dahlia Megah Sdn. Bhd. ("DMSB") and they each hold 50% equity interest in DMSB. DMSB holds 46.8% direct interest in MMSB while DSKW hold 26.2% direct interest in MMSB. DSKW and TSAA are also directors of MMSB.
- (vii) By virtue of the above relationships, MMSB is deemed a related party to Ancom. DSKW and TSAA are the interested Directors. DSKW is 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, the amount due and owing to Ancom Group by MMSB pursuant to the RRPT was within the credit term.

2.4 Rationale and Benefits

The RRPT would give additional business volume to the Group thereby improving its turnover and profit. The RRPT will also enhance the Group's ability to explore beneficial business opportunities.

The RRPT are intended to meet the business needs and they enable the Group to transact with the Related Parties which are in the ordinary course of business undertaken at arm's length, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detriment to the interest of minority shareholders.

The Proposed RRPT Mandate will eliminate the need to make announcements to Bursa Securities or to convene separate general meetings from time to time to seek shareholders' approval as and when RRPT with the related Parties arise. This will reduce the associated expenses, improve administrative efficiency and allow manpower resources and time to be focused on attaining other corporate objectives.

2.5 Review Procedures

The thresholds for the approval of the 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 to ensure that the RRPTs are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders:

- (i) The relevant employees of the Group are notified of the identities of the Related Parties and this 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 RRPT Mandate.
- (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 RRPT Mandate.
- (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 seen and reviewed the procedures and guidelines stated in Section 2.5 above and is of the view that the procedures and guidelines put in place are sufficient to ensure that the RRPT will be carried out at arm's length basis and in accordance with the Group's normal commercial terms and not 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 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. These procedures and processes are reviewed on an annual basis.

2.7 Validity Period

The Proposed RRPT Mandate will take effect from the date of the passing of the ordinary resolution proposed at the forthcoming 48th AGM and shall apply in respect of the RRPT to be entered into from the date of the 48th AGM until :

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

2.8 Effects

The Proposed RRPT Mandate will not have effect on the issued and paid-up share capital and shareholding structure of the Company and it is not expected to have any material effect on the NA per share and EPS of the Company.

2.9 Directors' and Major Shareholders' Interests

The direct and indirect interest of the interested Directors, Major Shareholder 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	23,328,365	10.84	20,471,748 [#]	9.51
TSAA	-	-	-	-
<u>Interested Major Shareholder</u>				
DSKW	23,328,365	10.84	20,471,748 [#]	9.51
<u>Persons Connected with the Interested Directors / Major Shareholder</u>				
SDSB	4,727,683	2.20	-	-
SNCS	14,558,987	6.77	-	-
DYKM	435,078	0.20	-	-
QLK	750,000	0.35	-	-

Notes:

* Based on share capital of 215,177,015 ordinary shares (excludes 3,779,327 treasury shares)

Deemed interested by virtue of his direct and indirect interest held through SDSB, SNCS, DYKM and QLK pursuant to Section 59(1)(c) and/or Section 8(4) of the Act.

The abovementioned interested Directors, Major Shareholder and Persons Connected to them will abstain from voting on the resolution approving the Proposed RRPT Mandate at the 48th AGM in respect of their direct and/or indirect shareholdings.

DSKW and TSAA, being the Directors interested in the Proposed RRPT Mandate, have abstained and will continue to abstain from the Board's deliberations on the resolution approving the Proposed RRPT Mandate and will abstain from voting in respect of their direct and/or indirect shareholdings in Ancom on the resolution approving the Proposed RRPT Mandate at the 48th AGM.

DSKW, being the Major Shareholder interested in the Proposed RRPT Mandate, will abstain from voting in respect of his direct and/or indirect shareholdings in Ancom on the resolution approving the Proposed RRPT Mandate at the 48th AGM.

SDSB, SNCS, DYKM and QLK, being the persons connected to DSKW, will abstain from voting in respect of their direct and/or indirect shareholdings in Ancom on the resolution approving the Proposed RRPT Mandate at the 48th AGM.

DSKW, being the interested Director and Major Shareholder, has undertaken that he will ensure that the persons connected to him will abstain from voting in respect of their direct and/or indirect shareholdings in Ancom on the resolution approving the Proposed RRPT Mandate at the 48th AGM.

TSAA, being the interested Director, has undertaken that he will ensure that persons connected to him, if any, will abstain from voting in respect of their direct shareholdings on the resolution approving the Proposed RRPT Mandate at the 48th 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 RRPT Mandate.

3. DIRECTORS' RECOMMENDATION

Having considered the rationale for the Proposed RRPT Mandate, the Board, save for DSKW and TSAA who are deemed interested in the Proposed RRPT Mandate, is of the opinion that the Proposed RRPT Mandate is in the best interest of the shareholders and the Company.

The Board, with the exception of DSKW and TSAA, who have abstained from giving an opinion and making a recommendation on the Proposed RRPT Mandate, recommends that the shareholders vote in favour of the resolution approving the Proposed RRPT Mandate to be tabled at the forthcoming 48th AGM.

4. SHAREHOLDERS' APPROVAL AND 48TH AGM

The Proposed RRPT Mandate is subject to the approval of the shareholders of Ancom at the forthcoming 48th AGM.

The resolution in respect of the Proposed RRPT Mandate is set out in the Notice of 48th AGM which is enclosed in the Company's Annual Report 2017. The 48th AGM will be held at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 19 October 2017 at 3.00 p.m.

If you are unable to attend and vote in person at the 48th AGM and wish to appoint a proxy to attend and vote on your behalf, you are requested to complete, sign and return the Proxy Form enclosed in the Company's Annual Report 2017 in accordance with the instructions therein and in any event to reach the Share Registrar's office of the Company 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, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than 48 hours before the appointed time for the 48th AGM.

The lodging of the Proxy Form does not preclude you from attending and voting in person at the 48th AGM should you subsequently wish to do so. If you do, your proxy shall be precluded from attending the 48th AGM.

5. FURTHER INFORMATION

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

Yours faithfully
For and on behalf of the Board
ANCOM BERHAD

Edmond Cheah Swee Leng
Chairman of the Audit Committee

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

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.

3. MATERIAL LITIGATION

As at the date of this Circular, neither Ancom nor its subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material effect on the financial position of the Company and the Directors are not aware and do not have any knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any facts which is likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Company and/or its subsidiaries.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's registered office 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 Monday to Friday (except for public holidays) from the date of this Circular up to and including the date of the 48th AGM :

- (i) The Constitution of Ancom;
- (ii) The audited consolidated financial statements of Ancom for the past two (2) financial years ended 31 May 2016 and 31 May 2017.

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PART B

Proposed SBB Mandate



ANCOM BERHAD

(Company No.: 8440-M)
(Incorporated in Malaysia)

PART B :

STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO PURCHASE ANCOM BERHAD'S OWN SHARES

The purpose of this Statement is to provide you with details of the Proposed SBB Mandate and to seek your approval for the resolution relating thereto to be tabled at the 48th AGM of the Company.

1. INTRODUCTION

The Company had on 25 August 2017 announced its intention to seek the approval of its shareholders to renew the mandate to enable the Company to purchase up to ten percent (10%) of its issued and paid-up share capital of the Company as quoted on Bursa Securities.

2. DETAILS OF PROPOSED SBB MANDATE

2.1 Validity Period

The shareholders had at the 47th AGM held on 20 October 2016, approved the authority for the Company to purchase and/or hold in aggregate up to ten percent (10) of the total number of shares of the Company at any point in time through Bursa Securities. The authority become effective immediately upon the approval and shall expire upon the conclusion of the forthcoming 48th AGM of the Company in accordance with the Listing Requirements. The Company wishes to seek its shareholders' approval for a renewal of the mandate at the 48th AGM to purchase up to ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities at the point of purchase.

The Proposed SBB mandate shall effective upon the passing of the resolution at the forthcoming 48th AGM of the Company until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever is earlier.

2.2 Rationale for the Proposed SBB Mandate

The Share Buy-back will enable the Company to take pre-emptive measures if need be, to stabilise the supply and demand of Ancom Shares in the open market, thereby allowing the price of Ancom Shares to better reflect its fundamental value. It will also allow the Company to utilise the financial resources which are not immediately required for use.

The Company will have the opportunity to make a gain when the Treasury Shares are resold when the market condition improved or reward its shareholders by distributing the Treasury Shares as share dividend.

All things being equal, whether the purchased Shares are held as Treasury Shares or cancelled, the Share Buy-back will result in a lower number of Ancom Shares being taken into account for the purpose of computing the EPS and hence it will improve the consolidated EPS of the Company, which in turn is expected to have a positive impact on the share price of Ancom Shares. The consolidated NA of Ancom may also increase if the purchase price is less than the consolidated NA of Ancom at the time of purchase.

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 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(s) will be allocated for the Proposed SBB Mandate. Based on the latest audited financial statements as at 31 May 2017, the retained profits of the Company was RM41,294,000.

The funding for the Share Buy-back will be through internally generated funds and/or external bank borrowings, the proportion of which will be determined later depending on the availability of funds, actual numbers of Ancom Shares to be purchased and other cost factors. The actual number of Ancom Shares to be purchased would be dependent on the market conditions and sentiments on Bursa Securities as well as the retained profits and financial resources available to the Company.

In the event the Company purchases its own shares using external bank borrowings, the Board will ensure that the Company has sufficient funds to repay the bank borrowings and that the repayment would not have any material effect on its cash flow and working capital.

2.5 Potential Advantages and Disadvantages

- (i) Potential advantages of the Proposed Share Buy-back are as follows:-
 - (a) The Proposed SBB Mandate would enable the Company to utilise its financial resources more efficiently especially where there is no immediate use.
 - (b) The Proposed SBB Mandate will provide the Company with the opportunities for potential gains if the purchased Shares which are retained as Treasury Shares are resold at a higher price than their cost of purchase.
 - (c) If the purchased Shares are subsequently cancelled, it may strengthen the consolidated EPS of the Group.
- (ii) Potential disadvantages of the Proposed Share Buy-back are as follows:-
 - (a) The Proposed SBB Mandate, if implemented, will however, reduce the financial resources of the Company and may result in the Company foregoing any better investment opportunities arising in the future or any interest income that may be derived from depositing such funds with interest bearing instruments.
 - (b) The Proposed SBB Mandate may reduce the financial resources available for distribution of cash dividend to the shareholders of the Company.

In any event, the Board will be mindful of the interests of the Company and its shareholders when implementing Share Buy-back.

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2.6 Effects of Proposed SBB Mandate

(a) Share Capital

The effects of the Proposed SBB Mandate on the issued and paid-up share capital of the Company will depend on whether the purchased Ancom Shares are cancelled or retained as treasury shares. However, there will be no impact on the issued and paid-up share capital of the Company if the purchased Ancom Shares are retained as treasury share, resold or distributed to the shareholders.

Assuming that all the purchased Shares are subsequently cancelled, the effect on the issued and paid-up capital of Ancom is as follows:-

	<u>No. of Shares</u>
Issued and Paid-up Share capital as at LPD	218,956,342
Less: Cancelled of all Treasury Shares	<u>(21,895,634)*</u>
Total no. of issued shares upon completion of the Proposed SBB Mandate	<u>197,060,708</u>

* inclusive of 3,779,327 Treasury Shares as at LPD.

(b) NA and EPS

The NA per Share is affected by 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 if the Company realise a gain. 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) Working Capital

The Share Buy-back will reduce the working capital of the Company depending on the price paid for the Ancom Shares, the actual number of Ancom Shares purchased and any associated costs incurred in making the purchase.

The working capital of the Company will increase upon the resale of the Treasury Shares depending on the number of Treasury Shares resold, the selling prices and any associated costs incurred in making the sale.

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

The effects of the Proposed SBB Mandate on the direct and indirect interest of Directors, Major Shareholders and persons connected with Directors and/or Major Shareholders of Ancom as at LPD, assuming Ancom purchases 18,116,307 Shares which together with the 3,779,327 Treasury Shares remaining, represents ten percent (10%) of the total issued and paid-up capital of the Company, are set out as follows:

	<i>As at LPD</i>				<i>After share buy-back of maximum 10%</i>	
	<i>Direct</i>	<i>Indirect</i>	<i>Total</i>		<i>(Shares are cancelled)</i>	<i>(Shares are resold)</i>
	<i>No. of Shares</i>	<i>No. of Shares</i>	<i>No. of Shares</i>	<i>%*</i>	<i>%**</i>	<i>%***</i>
<u>Directors</u>						
Dato' Johari Razak	465,427	-	465,427	0.22	0.24	0.21
DSKW	23,328,365	20,471,748 ⁽¹⁾	43,800,113	20.36	22.23	20.00
Tan Sri Dato' Dr Lin See Yan	165,375	-	165,375	0.08	0.08	0.08
Chan Thye Seng ("CTS")	-	42,797,402 ⁽²⁾	42,797,402	19.89	21.72	19.55

	As at LPD				After share buy-back of maximum 10%	
	Direct	Indirect	Total		(Shares are cancelled)	(Shares are resold)
	No. of Shares	No. of Shares	No. of Shares	%*	%**	%***
Major Shareholders						
DSKW	23,328,365	20,471,748 ⁽¹⁾	43,800,113	20.36	22.23	20.00
Pacific & Orient Berhad ("P&O")	31,877,978	10,589,424 ⁽³⁾	42,467,402	19.74	21.55	19.40
CTS	-	42,797,402 ⁽²⁾	42,797,402	19.89	21.72	19.55
SNCS	14,558,987	-	14,558,987	6.77	7.39	6.65
Persons Connected with the Directors / Major Shareholders						
SNCS <i>(Company in which DSKW, Siew Ka Kheong and Siew Yuen Tuck have 30%, 65% and 5% equity interests respectively)</i>	14,558,987	-	14,558,987	6.77	7.39	6.65
SDSB <i>(Company in which DSKW and DYKM have 85% and 15% equity interests respectively)</i>	4,727,683	-	4,727,683	2.20	2.40	2.16
DYKM	435,078	-	435,078	0.20	0.22	0.20
QLK	750,000	-	750,000	0.35	0.38	0.34
Pacific & Orient Insurance Co. Berhad ("P&OI") <i>(A wholly-owned subsidiary of P&O)</i>	10,589,424	-	10,589,424	4.92	5.37	4.84
Tysim Holdings Sdn Bhd ("THSB") <i>(Company in which CTS has 25% equity interest)</i>	30,000	-	30,000	0.01	0.02	0.01
Tan Soo Leng ("TSL") <i>(Wife of CTS)</i>	300,000	-	300,000	0.14	0.15	0.14

Notes:

* Based on share capital of 215,177,015 (Excluding the existing 3,779,327 Treasury Shares)

** Based on share capital of 197,060,708 (Excluding 21,895,634 Treasury Shares)

*** Based on share capital of 218,956,342

(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.

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 SBB Mandate and resale of Treasury Shares.

4. IMPLICATION UNDER THE CODE

Based on the current shareholdings of the Major Shareholders and/or parties acting in concert as at LPD and assuming Ancom purchases 18,116,307 Shares which together with the 3,779,327 Treasury Shares remaining, represents ten percent (10%) of the total issued and paid-up capital of the Company, none of the Major Shareholders and/or parties acting in concert will hold equity interest which will incurring a mandatory general offer obligation under the Code.

5. DETAILS OF SHARE BUY-BACK TRANSACTIONS UNDER THE PREVIOUS MANDATE

Details of the transactions during the financial year ended 31 May 2017 are disclosed in the Directors' Report in the Annual Report 2017 of the Company.

6. PUBLIC SHAREHOLDING SPREAD

As at LPD, the public shareholding spread of the Company stood at 58.52% excluding Treasury Shares held. The Board is mindful of the requirement to maintain the public shareholdings spread of at least twenty-five percent (25%) as required under the Listing Requirements when implementing the Share Buy-back.

7. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed SBB Mandate, is of the opinion that the Proposed SBB Mandate is in the best interest of the Shareholders and the Company and accordingly, recommends that the Shareholders vote in favour of the resolution pertaining to the Proposed SBB Mandate to be tabled at the forthcoming 48th AGM.

8. SHAREHOLDERS' APPROVAL AND 48TH AGM

The Proposed SBB Mandate is subject to the approval of the shareholders of Ancom at the forthcoming 48th AGM.

The resolution in respect of the Proposed SBB Mandate is set out in the Notice of 48th AGM which is enclosed in the Company's Annual Report 2017. The 48th AGM will be held at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 19 October 2017 at 3.00 p.m.

If you are unable to attend and vote in person at the 48th AGM and wish to appoint a proxy to attend and vote on your behalf, you are requested to complete, sign and return the Proxy Form enclosed in the Company's Annual Report 2017 in accordance with the instructions therein and in any event to reach the Share Registrar's office of the Company 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, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than 48 hours before the appointed time for the 48th AGM.

The lodging of the Proxy Form does not preclude you from attending and voting in person at the 48th AGM should you subsequently wish to do so. If you do, your proxy shall be precluded from attending the 48th AGM.

This Statement is dated 26 September 2017.