

ANCOM BERHAD

- PROPOSED DISPOSAL OF AN EQUITY INTEREST IN PUNCAK BERLIAN SDN. BHD. HELD BY REDBERRY SDN. BHD.

1. INTRODUCTION

Ancom Berhad (“the Company” or “Ancom”) wishes to announce that Redberry Sdn. Bhd. (“RSB”), a wholly-owned subsidiary of the Company had on 16 November 2017, entered into a Share Sale Agreement (“SSA”) with VGI Global Media (Malaysia) Sdn. Bhd. (“VGI Malaysia”) for the disposal of 4,281,277 ordinary shares, representing 25% of the issued and paid-up share capital, in Puncak Berlian Sdn. Bhd. (“PBSB”) held by RSB to VGI Malaysia at a consideration of RM13,154,175 (Ringgit Malaysia Thirteen Million One Hundred Fifty-Four Thousand One Hundred and Seventy-Five) only (“Disposal Consideration”), subject to the terms and conditions stipulated in the SSA (“Proposal”).

2. INFORMATION OF PBSB, RSB AND VGI MALAYSIA

(a) Information of PBSB

PBSB is a company incorporated under the laws of Malaysia and its existing issued and paid-up share capital is RM17,125,105 divided into 17,125,105 ordinary shares.

PBSB is an investment holding company, conducts media and advertising business and is also the shareholder of the following companies with the shareholdings as follows:

Company	Shareholding
(i) Redberry Outdoors Sdn. Bhd.	90%
(ii) Focus Media Network Sdn. Bhd.	83.9%
(iii) Redberry Media Sdn. Bhd.	*49%
(iv) Ten Plus Resources Sdn. Bhd.	*90%
(v) Point Cast (M) Sdn. Bhd.	*100%
(vi) Meru Utama Sdn. Bhd.	74.8%
(vii) Titanium Compass Sdn. Bhd.	51%

*PBSB is in the midst of acquiring the equity interest from the respective vendors of these companies.

(b) Information of RSB

RSB is a company incorporated under the laws of Malaysia and its existing issued share capital is RM4,000,000 divided into 4,000,000 ordinary shares.

RSB is principally an investment holding company.

(c) Information of VGI Malaysia

VGI Malaysia is a company incorporated under the laws of Malaysia and a subsidiary company of VGI Global Media Public Company Limited.

The existing issued share capital of VGI Malaysia is RM4,000,000 divided into 4,000,000 ordinary shares.

VGI Malaysia is principally involved in the provision for media advertising services.

3. SALIENT TERMS OF THE AGREEMENT

3.1 Proposal and SSA

- (i) Subject to the terms and conditions of the SSA, RSB agreed to sell and VGI Malaysia agreed to purchase 4,281,277 ordinary shares, representing 25% of the issued and paid-up share capital, in PBSB at a consideration of RM13,154,175 only.
- (ii) The Proposal is conditional upon the following conditions precedent of the SSA (which are not exhaustive):
 - (a) the consent or waiver from bank as may be required under the facilities granted to Meru Utama Sdn. Bhd.
 - (b) the execution for the renewal of the license agreement between Redberry Outdoors Sdn. Bhd. and Prasarana Integrated Development Sdn Bhd.
- (iii) RSB warrants and represents to VGI Malaysia that PBSB after consolidation of accounts with PBSB Group of companies other than Redberry Contact Center Sdn. Bhd., Meru Utama Sdn. Bhd. and Titanium Compass Sdn. Bhd., will have a net profit after taxation of no less than RM3,234,000 (“Guaranteed Profit”) for the 12 months period ending immediate after the date of the last audited accounts prior to the completion of the SSA (“Guarantee Period”).

If PBSB fails to achieve the Guarantee Profit, RSB shall pay to PBSB an amount equivalent to the shortfall between the actual profit during the Guarantee Period and the Guarantee Profit (“Shortfall”) within 30 days of the receipt of VGI Malaysia’s written notice, failing which RSB shall pay an interest on the Shortfall at the rate of interest agreed between the parties.
- (iv) RSB and VGI Malaysia agree that a Shareholders’ Agreement will be entered between the parties to regulate the management of PBSB upon completion of the Proposal.

4. BASIS OF DETERMINING THE DISPOSAL CONSIDERATION

The Disposal Consideration is arrived on a “willing buyer willing seller” basis after taking into consideration the net assets and earnings of PBSB Group and the potential synergies arising from the strategic investment by the VGI Malaysia.

5. RATIONALE FOR AND BENEFITS OF THE PROPOSAL

The strategic investment of 25% by VGI Malaysia will bring additional expertise and technologies into PBSB Group which will further strengthen its operational capabilities. Ultimately, this will pave the way for PBSB Group to be positioned as a regional media player in the Southeast Asian region.

6. FINANCIAL EFFECTS

6.1 Share Capital

The Proposal will not have any effect on the issued and paid-up share capital of the Company as it does not involve the issuance of the Company's shares.

6.2 Earnings and Net Assets

The Proposal will not have any material effect on the earnings and net assets of the Company for the financial year ending 31 May 2018.

6.3 Substantial Shareholders' Shareholdings

The Proposal will not have any effect on the shareholdings of the substantial shareholders of the Company and will not result in a change in the controlling or dominant shareholder of the Company.

7. ESTIMATED TIMEFRAME FOR COMPLETION DATE

The Proposal is expected to be completed within 3 months from the date of the SSA.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the directors and/or major shareholders of the Company or persons connected to them have any interest, direct or indirect, in the Proposal.

9. DIRECTORS' STATEMENT

The Board, having considered all the relevant factors in respect of the Proposal, is of the opinion that the Proposal is in the best interest of the Company.

10. APPROVALS REQUIRED

The Proposal is not subject to the approval of the shareholders of the Company.

11. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE TRANSACTIONS PURSUANT TO PARAGRAPH 10.02(g) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

The highest percentage ratio applicable to the Proposal is 4.34%, based on the audited consolidated financial statements of Ancom as at 31 May 2017.

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12. COMPLIANCE WITH THE SECURITIES COMMISSIONS POLICIES AND GUIDELINES ON ISSUE/OFFER OF SECURITIES

The Proposal is not subject to the approval of the Securities Commission and does not fall under the Securities Commission's Policies and Guidelines on the Issue/Offer of Securities or any amendments thereof.

This announcement is dated 16 November 2017.