

## **ANCOM BERHAD**

### **- PROPOSED DISPOSAL OF AN EQUITY INTEREST IN PUNCAK BERLIAN SDN. BHD. HELD BY REDBERRY SDN. BHD. (“Proposal”)**

*(The terms used herein, unless the context otherwise stated, bear the same meaning as those defined in the Company’s announcement made on 16 November 2017 in relation to the Proposal)*

Further to Ancom Berhad’s (“Ancom” or “the Company”) announcement on 16 November 2017, the Company wishes to provide additional information pertaining to the Proposal as follows:

#### 1. Puncak Berlian Sdn. Bhd.’s (“PBSB”) shareholding in its subsidiary companies

PBSB is a wholly-owned subsidiary of Redberry Sdn Bhd (“RSB”) and 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:

<b>Company</b>	<b>Shareholding</b>
(i) Redberry Outdoors Sdn. Bhd.	90%
(ii) Focus Media Network Sdn. Bhd.	83.9%
(iii) Redberry Media Sdn. Bhd. (“Redberry Media”)	*49%
(iv) Ten Plus Resources Sdn. Bhd. (“Ten Plus”)	*90%
(v) Point Cast (M) Sdn. Bhd. (“Point Cast”)	*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.

As at the date of announcement, the shares (49%) of Redberry Media and (100%) Point Cast are held by RSB, which is a wholly-owned subsidiary of Ancom. Redberry Media and Point Cast would be grouped under PBSB as part of the media and advertising business. The proposed transfers of shares from RSB to PBSB in Redberry Media and Point Cast to PBSB are in the process pending finalisation of the documents according to the requirements of the law.

For Ten Plus Resources Sdn. Bhd., it is currently dormant with the issued and paid-up share capital of RM2. The share capital of Ten Plus will be increased to RM100,000 or more, depending on the needs of the working capital, which PBSB will hold 90% equity interest in Ten Plus and the remaining 10% shareholding to be held by another shareholder.

Currently, Redberry Contact Center Sdn Bhd (“RCC”) is a wholly-owned subsidiary of PBSB. RBCC is being disposed by PBSB to RSB.

#### 2. 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 and regional expansion arising from the strategic investment by the VGI Global Media (Malaysia) Sdn. Bhd. (“VGI Malaysia”).

#### 3. Guaranteed Profit represents by RSB to VGI Malaysia

RSB warrants and represents to VGI Malaysia that PBSB after consolidation of accounts with PBSB Group of companies other than RCC (which does not form part of PBSB Group in which VGI Malaysia is acquiring), Meru Utama Sdn. Bhd. (“MUSB”) and Titanium Compass Sdn. Bhd. (“TCSB”), will have a net profit after taxation of no less than RM3,234,000

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(“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”).

The proforma net assets and net profits of PBSB Group based on the audited financial statements of PBSB Group for the financial year ended (“FYE”) 31 May 2017 and the Company’s latest quarterly results for the financial period ended 31 August 2017 are as follows:

PBSB Group	Financial year ended 31 May 2017 RM’000	3 months ended 31 August 2017 RM’000
Net Assets	13,920	13,921
Profit after taxation (“PAT”) (excluding RCC, MUSB and TCSB)	1,915	455

VGI Global Media Public Company Limited (“VGI Thailand”) currently owns 19% direct interest in TCSB and TCSB is in its first year of commercial operations. Therefore, the Guarantee Profit is excluding the results of TCSB. The Guarantee Profit also excludes MUSB as VGI Malaysia will be responsible to manage the operations of MUSB.

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 8% per annum on the unpaid amount for the number of days elapsed.

Nevertheless, RSB is comfortable with the Guarantee Profit and is confident of PBSB’s achievability in the remaining nine months of the financial year ending 31 May 2018 based on the anticipated contracts to be secured for the advertising mediums other than in airports and mass rail transit.

#### 4. 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.

The sale of 25% equity interest in PBSB will allow Ancom to have VGI Malaysia as a strategic partner with a meaningful minority equity interest in PBSB, whilst still retaining a significant equity amount and future upside of PBSB.

VGI Malaysia is a subsidiary of VGI Thailand which provides advertising services in Bangkok Mass Transit System (“BTS”) stations in Thailand. VGI Thailand is listed on the Stock Exchange of Thailand and is a subsidiary of BTS Group Holdings Public Company Limited, a company listed on the Stock Exchange of Thailand.

VGI Group has unique transit media expertise and technologies as they have been operating the advertising business in BTS for the past 20 years. It is expected that PBSB will be able to leverage on the experience and technical capabilities of VGI Group to explore and maximize regional opportunities.

The proceeds on the disposal would be utilised for the working capital of the Ancom Group.

This announcement is dated 20 November 2017.