ANCOM BERHAD (8440-M)
(Incorporated in Malaysia)

Summary of Key Matters Discussed at the 48th Annual General Meeting of the Company Held at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan On Thursday, 19 October 2017 at 3.00 P.M. ("48th AGM")

Dato' Johari Razak presided as Chairman of the meeting. The meeting was called to order at 3.00 p.m. after confirmation by the Secretary of the requisite quorum being present.

The Chairman informed the shareholders that the polling process for all the resolutions would be conducted upon completion of the deliberation of all items to be transacted at the 48th AGM. The shareholders also received the Audited Financial Statements of the Company and of the Group, along with the Reports of Directors and Auditors for the financial year ended 31 May 2017.

Questions were raised during the 48th AGM, which were duly responded by the Company. The salient questions are as follows:

AGENDA ITEM 1:
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2017 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

Q1: Mr Wan Heng Wah ("Mr Wan"), a shareholder, noted that the Company had secured the Mass Rapid Transit ("MRT") – Line 1, Kuala Lumpur, advertising contract for the provision of advertisements at the train stations and train earlier last year and the project would only be profitable after approximately 3 years. He asked whether the Company would be selling off the said business and whether new earnings' driver would be added to the media platform.

He also mentioned that there was news talking about the Company forming a joint-venture to secure the concession of 20 years for the provision of advertisement media for Jakarta Mass Rapid Transit ("Jakarta MRT"). He asked about the Company's shareholding in the joint-venture and when the Company would expect returns from the joint-venture and concession.

A1: Dato' (Dr) Siew Ka Wei ("Dato' Siew"), the Group Managing Director, informed that the concession for the MRT – Line 1, Kuala Lumpur, was secured in early 2017 but the advertisements could only be installed on the trains and in the train stations after MRT had cleared the electrical and engineering issues. He added that the advertisements had started in September 2017, and the Company would expect to see some contributions from this project to the Group after 18 months.

On the concession for the Jakarta MRT, he replied that the Company was the largest minority in the joint-venture due to the substantial stake in the Operational Cooperation Consortium. The Company had recently received the official award for the concession of the Jakarta MRT and this project was expected to commence its commercial operation after 2 years. The joint-venture parties were in the midst of finalising the terms of the joint-venture.

Q2: Mr Wan further enquired whether the advertisements would be installed on the trains, in the train stations, billboards and/ or pillars and at which facet that the Company would be providing for the advertising space.

A2: Dato' Siew informed that the advertisement for the MRT – Line 1, Kuala Lumpur, would be in the trains (interior and exterior) and at the train stations, but not on the pillar, which the ownership belong to another company.

As for the Jakarta MRT, the advertisements would be on both inside and outside of the train and at the train stations as well as on the billboard at the road side.

He added that the Company had also secured the concession for provision of advertisements inside and outside the trains from Keretapi Tanah Melayu.

Q3: Mr Ho Yueh Weng ("Mr Ho"), a shareholder, commented that the profit of the Company had decreased drastically subsequent to 2013 but increased significantly in 2017 after a period of 3 years. He enquired whether the same cycle of performance would be expected for the next 3 years.

Mr Ho also enquired on the areas/ sectors that contributed to the growth of profits in the Group and the efforts of Management to bring up the Company's performance to the former level. He requested for an elaboration on the performance of the logistics business, in particular the investment in acquiring a vessel in the Group, and contribution from the media sector to the Group.

A3: Dato' Siew briefed the Meeting that there are 2 listed companies under Ancom Berhad ("Ancom"), namely Ancom Logistics Berhad ("ALB") and Nylex (Malaysia) Berhad ("Nylex"). Nylex had been performing well due to the strengthening of the petrochemicals prices in the marketplace (which had been weak in the past three years due to market turbulences). As for Ancom, the driving force of the business was mainly from its wholly-owned subsidiary company, Ancom Crop Care Sdn. Bhd. ("Ancom Crop Care") for the past 2 years, attributed to the investments and expansion in Ancom Crop Care. Moving forward, Ancom Corp Care would remain the major profit contributor to Ancom Group.

Dato' Siew then briefed on the media business. He informed that the advertising business had been decreasing worldwide, and the business environment for media business was foreseen to be challenging for the next few years. However, the Company could still remain stable with the MRT – Line 1, Kuala Lumpur, and Jakarta MRT projects. He added that the Company would benefit from its large number of assets when the advertising business recovers as more advertising services could be offered.

Dato' Siew also informed that Management would strive to match the present trend by cutting cost and increasing sales, but the external factors play an important role in shaping the business performance of the Company.

Q4: Mr Ho commented that the gearing ratio of the Group had increased from 0.46 in 2016 to 0.79 in 2017. He raised concern how the Group could serve all its borrowings as the business environment remains challenging. He further enquired whether the Company would focus on Europe market, as the Company's export martket had been performing well.

A4: Dato' Siew informed that the higher gearing ratio was mainly due to the purchase of a new vessel. He then briefed the Meeting that various approvals for operation of the new vessel were obtained sometime in July and August 2017, thus, the vessel had just commenced its operation. The investment in the new vessel could strengthen the Group's distribution network and performance in the industrial chemical business.

He added that Management had continued putting efforts to enhance the foreign export market, but it would require more financing to support the same.

Q5: Mr Ho further sought clarification on how the new vessel could contribute to the logistics business of the Group.

A5: Dato' Siew informed that the Group is the largest independent mover of bulk liquid cargo in South-East Asia. A significant portion of the revenue for the transporting goods services was given to the third party. With the purchase of the vessel, the Group could utilise the vessel to carry bulk liquid for third party, which allow the Group to earn additional revenue as well as for intra-group cargo. This business was expected to contribute positively to the bottom line as the new vessel could allow the Company with greater flexibility to schedule its delivery, to have more control over the supply chain and to be more competitive. Ultimately, the aim was to represent more companies and distribute more products.

Q6: Mr Ho commented that in reviewing the results of ALB, it was not performing well and had not been contributing much to the Group's bottom line. He queried on the contribution of ALB to Ancom Group, in particular the logistics business. Mr Ho requested some details on the revenue of the ALB.

A6: Dato' Siew explained that ALB had 2 main businesses, which are the tank farm and road transportation (logistics). The tank farm business had been consistently delivered profits since it first built. He quoted that approximately 50% of the tank farm capacity utilisation was from the Group while the remaining 50% was from third parties. ALB would still lease out some tank farms to the third party for branding purposes.

For the road transportation business, it had been making profits for many years but for the past 3 years, the market had become very competitive and ALB was facing fierce competition. This had been a concern to the Company and Management had put in place several actions to curb the issue, such as bringing in a new Managing Director to focus on and manage ALB, and had taken cost cutting measures to improve the bottom line. Furthermore, Management was looking for ways to manage the business more efficiently and offer better services to the market as well as working on a rationalisation plan to improve ALB's performance.

Q7: Mr Ho referred the Meeting to page 91 of the Annual Report 2017 (Note 7: Investment in Subsidiairies) pertaining to the Company's investments in quoted and unquoted shares.

He commented that there was an impairment loss of investments in unquoted shares of RM50.9 million. He queried on the performance of the quoted and unquoted shares and how these investments could contribute to the Company.

A7: Mr Lim Chang Meng ("Mr Lim"), the Chief Finanical Officer replied that the said Note was in relation to the investments in subsidiaries. The quoted shares were referred to the investments in the listed subsidiary companies, namely Nylex and ALB, while the unquoted shares were investments in other non-listed subsidiary companies. He added that the performance (i.e. profit and loss) from these investments had been reflected in the consolidated financial statements of the Group.

Q8: Mr Ho then referred the Meeting to page 82 of the Annual Report 2017 in relation to the investment holding where the interest expense had increased from RM7.2 million in 2016 to RM9.5 million in 2017.

He sought clarification on the following:
(a) what interest expense was under the investment holding;
(b) whether Ancom would take up some borrowings to finance to its subsidiary companies and any interest charge for lending to the subsidiary companies;
(c) whether the Group practises centralised treasury;
(d) how the subsidiary companies would pay the interest charge and the borrowings that were granted to Ancom for third party utilisation; and
(e) any impairment incurred in Ancom and Nylex for the borrowings and what are the measures taken to curb impairment.

A8: Mr Lim replied that:
(a) the interest expense arose from the borrowings extended to the subsidiary companies by Ancom and Nylex, which both are investment holding companies, for investment purposes.

(b) the holding company like Ancom would extend advances to its subsidiary companies as start-up costs or at the initial stage of operations or for capital expansion.

(c) there were some impairments in Ancom, which carried out based on cost but not mark-to-market as it was incurred by the subsidiary companies. The impairment charged to the Profit and Loss account would only affect the Company's level but not the Group, as at the Group level, the profits and losses of the subsidiaries had already been consolidated. An assessment for any impairment would be carried out during the year-end review by Management together with the auditors.

Q9: Mr Ho asked about Company's plan in buying back its shares.

A9: Dato' Siew replied that based on the Company's past records, the Company had bought back its shares from the market when the prices were low and distributed them to the shareholders when the prices had gone up.

Q10: Mr Ho then referred the Meeting to pages 35, 61 (Directors' remuneration) and 136 (Note 38: Employee Benefits) of the Annual Report 2017. He commented there were increases in Employee Benefits and Directors' Remuneration for 2017 compared to 2016 and requested Management to provide justification for the increase. He also queried how the Company would reward the minority shareholders.

A10: Dato' Siew informed that the increase in the Directors' remuneration was related to the remunerations of the Executive Directors for Ancom Berhad, Nylex and ALB. Overall, the salaries for the Executive Directors of Ancom Berhad were lower.

He added that Management team, which includes Nylex and ALB, had been working very hard in increasing the profits of the Group, thus, they should be rewarded fairly.

For the shareholder, Management was looking at the right time and ways to reward the shareholders but the plans could not be to divulge at this juncture. Nonetheless, the share price of the Company had increased recently, Management hoped that the increase in share price would provide some comfort to the shareholders.

Q11: Mr Ng Kok Kiong ("Mr Ng") referred the Meeting to page 61 (Directors' Remuneration) of the Annual Report 2017. He commented that the Executive Directors' salaries, bonus and allowances under the Group level for 2017 were higher than those of 2016. He added that the Executive Directors' salaries, bonus and allowances of Nylex and ALB in 2017 were almost the same as 2016. He requested for an explanation.

On the reward to the shareholders, Mr Ng enquired whether the Company would consider rewarding the shareholders by way of shares in specie, as the Company's performance had improved since 2014.

He then referred the Meeting to page 106 (Note 15: Trade and Other Receivables) of the Annual Report 2017 and commented that the trade receivables of the Group for more than 120 days had increased from RM59,951,000 in 2016 to RM126,139,000 in 2017. He queried whether the Company was facing problem in its collection as the collection was slow in progress.

A12: Dato' Siew informed that the increase in salaries, bonus and allowances of the Executive Directors under the Group level was mainly attributed to the reward granted to the directors managing the Ancom Crop Care business as Ancom Crop Care had been contributed substantially to the Group coupled with the increase of salaries during the financial year.

He informed that the Company is aware that no dividend had been paid to the shareholders for the past three years. The Board and Management were looking at ways to reward the shareholders at the right time.

For the increase in the turnaround time for collection, Dato' Siew informed that the increase was mainly attributed to the export sales.

AGENDA ITEM 9:
AUTHORITY TO ISSUE AND ALLOT SHARES

Q16: Mr Ho asked on the purposes of obtaining the approval from the shareholders on the authority for the issue and allotment of shares under Sections 75 and 76 of the Companies Act 2016.

A16: Dato' Johari Razak, the Chairman, informed that there was no corporate exercise or event requiring an issue of shares at that point in time and the proposed resolution was merely to facilitate any such occasion in the future.

After all the questions were duly answered and clarified, the Chairman then initiated the poll voting process. All the ordinary resolutions that were tabled at the 48th AGM were duly passed by the shareholders through poll voting, the result, which was announced by the Chairman, is as follows:

	Vote For		Vote Against		Total Votes	
	No. of Units	%	No. of Units	%	No. of Units	%
Ordinary Resolution 1: Re-Election of Director – Edmond Cheah Swee Leng	32,147,447	99.984	5,000	0.016	32,152,447	100.000
Ordinary Resolution 2: Re-Election of Director – Lim Hock Chye	32,145,794	99.979	6,653	0.021	32,152,447	100.000
Ordinary Resolution 3: Re-Appointment of Director Whose Term of Office shall be Expiring at the Conclusion of the 48th Annual General Meeting – Tan Sri Dato' Dr Lin See Yan	32,145,794	99.979	6,653	0.021	32,152,447	100.000
Ordinary Resolution 4: Payment of Directors' Fees of RM520,000 for the Financial Year Ended 31 May 2017	32,137,525	99.954	14,922	0.046	32,152,447	100.000
Ordinary Resolution 5: Payment of Directors' Benefits (Excluding Directors' Fees) of up to RM120,000 from 1 February 2017 until the Next Annual General Meeting of the Company	32,129,257	99.928	23,190	0.072	32,152,447	100.000
Ordinary Resolution 6: Re-Appointment of Auditors	32,142,525	99.969	9,922	0.031	32,152,447	100.000
Ordinary Resolution 7: Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed RRPT Mandate")	1,153,095	99.857	1,653	0.143	1,154,748	100.000
Ordinary Resolution 8: Proposed Renewal of Share Buy-Back Authority	32,152,447	100.000	0	0.000	32,152,447	100.000
Ordinary Resolution 9: Authority to Issue and Allot Shares	32,152,447	100.000	0	0.000	32,152,447	100.000
Ordinary Resolution 10: Continuing In Office as Independent Non-Executive Director – Edmond Cheah Swee Leng	32,147,447	99.984	5,000	0.016	32,152,447	100.000
Ordinary Resolution 11: Continuing In Office As Independent Non-Executive Director – Tan Sri Dato' Dr Lin See Yan	32,145,794	99.979	6,653	0.021	32,152,447	100.000

There being no further business, the 48th AGM was concluded at 4.05 p.m. with a vote of thanks to the Chair.