

ANCOM BERHAD
196901000122 (8440-M)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE 51ST ANNUAL GENERAL MEETING OF THE COMPANY (“51ST AGM”)

The Chairman informed the meeting that the Company has received a letter from the Minority Shareholders Watch Group (“MSWG”) dated 13 October 2020 with questions. The MSWG has requested the Company to present the questions raised by MSWG and the answers by the Company at the meeting.

Please refer to the Company’s website at www.ancom.com.my under the Investor Relations section for a copy of the letter from MSWG and the Company’s reply thereon.

The following questions were posed by the shareholders or proxies during the 51st AGM:-

Q1) Joseph Lam Wai, a proxy, enquired if the distribution of Dividend-in-Specie in Ancom Logistics Berhad (“ALB”) is a continual exercise or one-off exercise.

A1) The proposed distribution of Dividend-in-Specie was meant to provide the shareholders of Ancom with an opportunity to invest directly in ALB at no cost and potentially to benefit directly from the future performance of ALB. Such distribution, which was tabled as Final Dividend under Agenda 2 of the 51st AGM, is a one-off proposal, subject to the approval from the shareholders of Ancom.

Q2) Edwin Teoh Jit Siong, a shareholder, enquired on the performance of Nylex (Malaysia) Berhad (“Nylex”) as the revenue of Industrial Chemicals segment for the financial year ended 31 May 2020 had been reduced substantially as compared to the previous financial year.

A2) The decline in revenue of Industrial Chemicals segment of approximately RM400,000 was mainly attributable to the dampened sales and lower average selling price for most of the products due to the adverse market condition.

Q3) Joseph Lam Wai, a proxy, enquired on the state of impairment for amount owing by subsidiary, Nylex.

A3) There was no impairment made in relation to the amount owing by Nylex. Management assessed impairment by reference to the forward-looking information and the expected credit losses arising from default in payment. As a result of the adverse impact of Covid-19 pandemic, many businesses were affected. Companies are required to perform sensitivity analysis in accordance with the accounting standards and any deficit (i.e. the carrying amount of the outstanding sum exceeds recoverable amount) would be provided for in the accounts as impairment.

Q4) Joseph Lam Wai, a proxy, requested an update on the development of the expansion molecule business. He also enquired on the status of the divestment of non-core business of the Company.

- A4) The Group expands its molecule business, producing 4 new active ingredients (AI) in herbicides. The Group is currently embarking on the construction of new production plant located in Port Klang, as to cater for this business. The Group had obtained the Good Laboratory Practice (GLP) Certification from Brazil for 2 of the new AI products while the rest remains in progress. The new production plant is expected to be completed in March or April 2021 and will ramp up the operations to full capacity by June 2021.

In respect of non-core business, the Group will focus primarily on the chemical-related business, in particular, Agricultural Chemicals and Industrial Chemicals businesses, going forward.

- Q5) Ho Yueh Weng, a shareholder, posed the following questions:-**
(a) What are the corporate actions going forward given the new normal?
(b) Expectation of post Covid-19's business scene.

- A5) Under the new normal of business, the Group is committed to ensure the applicable directives, safety and precautionary requirements, including standard operating procedures as prescribed by the relevant government authorities are abided by, to curb the spread of Covid-19.

During the enforcement of Conditional Movement Control Order, the Group's business operation is not badly affected as the Group continues to operate in providing essential services. The Group remains optimistic in the face of adversity so long the factories are allowed to continue operation.

- Q6) Ho Yueh Yeng, a shareholder, enquired on the basis of disposal of 1.7 million treasury shares and gain from such disposal.**

- A6) The purpose of the said disposal was mainly to support the expansion of Agrichemical Division, as explained in the announcement to Bursa Securities. The average cost of treasury shares was approximately RM0.52 each. During the financial year 2020, the Company had disposed of approximately 5 million treasury shares at the average cost of RM0.75 per share, with a gain of approximately RM0.23 per share from the disposal.

- Q7) Edwin Teoh Jit Siong, a shareholder, enquired on the structure of sharing for the National Integrated Immigration System ("NIIS") System, a new business venture of the Company with the consortium.**

- A7) The Company is not privy to any information relating to the NIIS System. Further, the Company is not allowed to divulge any information as the due diligence on such corporate exercise is still on-going.

- Q8) Teh Kian Lang, a shareholder, enquired on Nylex's financial performance and if the methanol division is improving.**

- A8) The management of Nylex has been undertaking various exercises to strengthen its business in the past few months. However, the Group expects the vulnerable performance of chemical division would continue due to the weakening market sentiment and low chemical consumption as factories are running at a much lower capacity amid the Covid-19 pandemic as well as the on-going US-China trade war.

Management will continue to explore various opportunities to increase its distribution volume at the marketplace.

Q9) Lim Cian Yai, a proxy, enquired on the basis of Ancom providing RM10 million loan to ALB for purchase of shares in S5 System Sdn. Bhd.

A9) The provision of RM10 million loan to ALB is to demonstrate commitment of Ancom, being the major shareholder of ALB, which is the purchasing party in the proposed acquisition of S5 Group (as defined in the Company's announcement dated 10 July 2020), given that ALB does not have sufficient funds to fulfil its obligation.

Management had consulted the relevant advisors and were informed that the provision of financial assistance to subsidiary to meet its contractual obligation is permitted under the context of Capital Market requirements.

Q10) Teh Kian Lang, a shareholder, enquired on the state of Agrichemical market performance in Australia and Brazil.

A10) The performance of agrichemical division in Australia has improved, with increased order book as compared to the last financial year 2019, notwithstanding the unusual intense bushfires in Australia.

Similarly, for the Brazil's market, the Group had received better orders during the last financial year 2020. The Group is clearing its backlog order, received prior to the outbreak of Covid-19.