

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") takes no responsibility for the contents of this Circular, 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.



ANCOM BERHAD

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- I. **PROPOSED BONUS ISSUE OF UP TO 21,895,634 NEW ORDINARY SHARES IN ANCOM BERHAD ("ANCOM") ("ANCOM SHARE(S)" OR "SHARE(S)") ("BONUS SHARE(S)") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF 1 BONUS SHARE FOR EVERY 10 EXISTING ANCOM SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED BONUS ISSUE"); AND**
- II. **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF ANCOM AT ANY POINT IN TIME ("PROPOSED ESOS")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd

(Company No. 194990-K)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of Ancom which is scheduled to be held at 3.30 p.m. on Thursday, 18 October 2018 at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia, or immediately following the conclusion or adjournment of the 49th Annual General Meeting ("**AGM**") of the Company scheduled to be held at the same venue and on the same day at 2.30 p.m., whichever is later, together with the Form of Proxy are enclosed herein.

A member entitled to attend, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, speak and vote on his/ her behalf. In such event, the Form of Proxy should be lodged at the Company's 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 G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time stipulated for holding the EGM or at any adjournment thereof, as indicated below. The lodging of the Form of Proxy shall not preclude you from attending, speaking and voting in person at the EGM, should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 16 October 2018 at 3.30 p.m.

Date and time of the EGM : Thursday, 18 October 2018 at 3.30 p.m. or immediately following the conclusion or adjournment of the AGM, whichever is later

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

- "Act" : The Companies Act 2016, as amended from time to time and any re-enactment thereof
- "Ancom" or the "Company" : Ancom Berhad
- "Ancom Group" or the "Group" : Ancom and its subsidiary companies, collectively
- "Ancom Logistics Group" : Ancom Logistics Berhad and its subsidiary companies, collectively. For the avoidance of doubt, Ancom Logistics Berhad is a subsidiary of Ancom and it is currently listed on the ACE Market of Bursa Securities
- "Ancom Share(s)" or "Share(s)" : Ordinary share(s) in Ancom
- "Bonus Entitlement Date" : A date to be determined and announced later by the Board, on which the names of the shareholders of Ancom must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to participate in the Proposed Bonus Issue
- "Bonus Share(s)" : Up to 21,895,634 new Ancom Shares to be issued pursuant to the Proposed Bonus Issue
- "Bursa Depository" or "Depository" : Bursa Malaysia Depository Sdn Bhd
- "Bursa Securities" : Bursa Malaysia Securities Berhad
- "By-Laws" : Rules, terms and conditions of the ESOS (as may be amended, varied or supplemented from time to time in accordance to the By-Laws)
- "Date of Acceptance" : The date where the ESOS Committee shall receive the written notice from an Eligible Person accepting an Offer
- "Date of Offer" : The date on which an Offer (including subsequent offers) is made by the ESOS Committee in writing to any Eligible Person(s) to participate in the ESOS
- "Director(s)" : The director(s) of Ancom and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets And Services Act 2007 and includes –
- i. in the case of an issuer of structured warrants, a director of the issuer of the structured warrants; or
 - ii. in the case of an applicant or listed issuer which is a collective investment scheme, a director of a management company or a director of the trustee-manager, as the case may be
- "Effective Date" : The effective date for the implementation of the Proposed ESOS in the manner as indicated in the By-Laws

DEFINITIONS (CONT'D)

"EGM"	: Extraordinary General Meeting of the Company to be convened to approve the Proposals
"Eligible Person(s)"	: Employees and Executive Directors of Ancom Group (excluding dormant subsidiaries and the Excluded Subsidiaries), who meet the criteria of eligibility in the manner as indicated in the By-Laws
"EPS"	: Earnings per share
"ESOS"	: Employees' Share Option Scheme
"ESOS Committee"	: The committee appointed and duly authorised by the Board to administer the Proposed ESOS in the manner as indicated by the By-Laws
"ESOS Option(s)"	: The right of a Grantee to subscribe for new Ancom Shares pursuant to the contract constituted by the acceptance of an Offer as set out in the By-Laws
"ESOS Share(s)"	: The new Ancom Shares to be issued upon exercise of the ESOS Options
"Excluded Subsidiaries"	: Ancom Logistics Group and Nylex Group, collectively
"FYE"	: Financial year ended/ ending
"Grantee(s)"	: An Eligible Person who has accepted an Offer in the manner as indicated in the By-Laws
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities, as amended or modified from time to time
"LPD"	: 27 August 2018, being the latest practicable date prior to the printing and despatch of this Circular
"Market Day(s)"	: Any day on which Bursa Securities is open for trading in securities
"Maximum Scenario"	: Assuming all the 3,779,327 treasury shares are resold on the open market prior to the implementation of the Proposed Bonus Issue
"Minimum Scenario"	: Assuming all the 3,779,327 treasury shares are retained prior to the implementation of the Proposed Bonus Issue
"NA"	: Net assets attributable to ordinary equity holders
"Nylex Group"	: Nylex (Malaysia) Berhad and its subsidiary companies. For the avoidance of doubt, Nylex (Malaysia) Berhad is a subsidiary of Ancom and it is currently listed on the Main Market of Bursa Securities
"Offer"	: A written offer made by the ESOS Committee to an Eligible Person to participate in the Proposed ESOS and in the manner as indicated in the By-Laws
"Proposals"	: The Proposed Bonus Issue and the Proposed ESOS, collectively

DEFINITIONS (CONT'D)

"Proposed Issue"	Bonus	: The proposed bonus issue of up to 21,895,634 Bonus Shares to be credited as fully paid-up on the basis of 1 Bonus Share for every 10 existing Ancom Shares held on the Bonus Entitlement Date
"Proposed ESOS"		: The proposed establishment of an ESOS of up to 10% of the total number of issued shares of Ancom at any point in time. The Proposed ESOS will be implemented after the completion of the Proposed Bonus Issue
"Record of Depositors"		: A record of depositors established by Bursa Depository under the Rules of Depository
"RM" and "sen"		: Ringgit Malaysia and sen, respectively
"UOBKH" or the "Adviser"		: UOB Kay Hian Securities (M) Sdn Bhd

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--

TABLE OF CONTENTS

	PAGE
LETTER TO THE SHAREHOLDERS OF ANCOM IN RELATION TO THE PROPOSALS:-	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSALS	2
3. RATIONALE AND JUSTIFICATIONS	8
4. EFFECTS OF THE PROPOSALS	9
5. HISTORICAL SHARE PRICES	14
6. APPROVALS REQUIRED/ OBTAINED	15
7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM	16
8. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION	17
9. PROPOSALS ANNOUNCED BUT PENDING COMPLETION	17
10. DIRECTORS' RECOMMENDATION	17
11. EGM	18
12. FURTHER INFORMATION	18
APPENDICES	
I. DRAFT BY-LAWS OF THE PROPOSED ESOS	19
II. FURTHER INFORMATION	52
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED



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
Malaysia

26 September 2018

Board of Directors

Dato' Siew Ka Wei (*Executive Chairman*)
Dato' Ahmad Johari Bin Abdul Razak (*Executive Director*)
Tan Sri Dato' Dr Lin See Yan (*Independent Non-Executive Director*)
Tan Sri Dato' Seri Abdull Hamid bin Embong (*Independent Non-Executive Director*)
Chan Thye Seng (*Non-Independent Non-Executive Director*)
Edmond Cheah Swee Leng (*Independent Non-Executive Director*)
Lim Hock Chye (*Independent Non-Executive Director*)

To: The Shareholders of Ancom Berhad

Dear Sir/ Madam,

I. PROPOSED BONUS ISSUE; AND

II. PROPOSED ESOS

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 26 July 2018, UOBKH had, on behalf of the Board, announced that the Company proposed to undertake the following:-

- i. proposed bonus issue of up to 21,895,634 Bonus Shares to be credited as fully paid-up on the basis of 1 Bonus Share for every 10 existing Ancom Shares held on an entitlement date to be determined later; and
- ii. proposed establishment of an ESOS of up to 10% of the total number of issued shares of Ancom at any point in time.

On 12 September 2018, UOBKH had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 12 September 2018, resolved to approve the listing of and quotation of the Bonus Shares and new Shares to be issued arising from the exercise of the ESOS Options on the Main Market of Bursa Securities pursuant to the Proposals, subject to the conditions as set out in **Section 6** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS OF ANCOM WITH THE RELEVANT INFORMATION ON THE PROPOSALS, AS WELL AS TO SEEK THE APPROVALS FROM THE SHAREHOLDERS OF ANCOM FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

SHAREHOLDERS OF ANCOM ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Bonus Issue

2.1.1 Details of the Proposed Bonus Issue

For information purpose, we wish to highlight that the Proposed Bonus Issue shall be undertaken via the previous framework (the par value regime), and as such, the compliance with Paragraph 6.30(1A) (i.e. pricing condition of not less than RM0.50 based on daily volume weighted average share price during the 3-month period) of the Listing Requirements is not applicable in this case. For the Proposed Bonus Issue, the Company may use its share premium account to pay up the Bonus Shares in the manner as allowed under the transitional provisions of the Act within a 24 months period from 31 January 2017 until 30 January 2019.

As at the LPD, the issued share capital of Ancom is RM218,956,342 comprising 218,956,342 Ancom Shares (including 3,779,327 treasury shares held by the Company).

The Proposed Bonus Issue will entail an issuance of up to 21,895,634 Bonus Shares to be credited as fully paid-up on the basis of 1 Bonus Share for every 10 existing Ancom Shares held by shareholders of Ancom whose names appear in the Record of Depositors of the Company at the Bonus Entitlement Date.

Pursuant to the Proposed Bonus Issue, a total of 21,517,701 Bonus Shares may be issued under the Minimum Scenario and a total of up to 21,895,634 Bonus Shares may be issued under the Maximum Scenario. The actual number of Bonus Shares to be issued pursuant to the Proposed Bonus Issue will depend on the total issued shares of Ancom as at the Bonus Entitlement Date.

Fractional entitlements of the Bonus Shares arising from the Proposed Bonus Issue, if any, shall be dealt with in such manner as the Board shall in its absolute discretion deem fit and expedient, and to be in the best interest of the Company.

The Proposed Bonus Issue is not intended to be implemented in stages over a period of time.

2.1.2 Capitalisation of reserves

The Proposed Bonus Issue shall be wholly capitalised from the share premium account before capitalising the balance from the retained earning account of the Company.

An illustration of the proposed capitalisation for the Proposed Bonus Issue based on Ancom's audited financial statements for FYE 31 May 2018 (at the Company level) is set out below:-

Audited FYE 31 May 2018

Company level	Minimum Scenario			Maximum Scenario		
	Share premium RM'000	Retained earnings RM'000	Total RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
Audited balance as at 31 May 2018	4,332	42,347	46,679	4,332	42,347	46,679
Less: Amount to be capitalised pursuant to the Proposed Bonus Issue ^{*1}	(4,332)	(17,186)	(21,518)	(4,332)	(17,564)	(21,896)
Estimated expenses	-	(150)	(150)	-	(150)	(150)
Balance after the Proposed Bonus Issue	-	25,011	25,011	-	24,633	24,633

Note:-

^{*1} The capitalisation amount is calculated based on the number of Bonus Shares to be issued multiplied by the last known par value of the Company, i.e. RM1.00

The Board confirms that the Proposed Bonus Issue and the implementation of the Proposed Bonus Issue is and will be in full compliance with the Companies Act 2016 and Practice Note 1/2017 issued by the Companies Commission of Malaysia for the purposes of subsections 618(3) and (4) of the Act.

The Board also confirms that the Company has sufficient reserves for capitalisation of the Bonus Shares and the reserves available to be capitalised for the Proposed Bonus Issue is unimpaired by losses on a consolidated basis based on Ancom's latest audited consolidated financial statements for the FYE 31 May 2018.

2.1.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date of such dividends, rights, allotments and/ or any other forms of distribution precedes the relevant date of allotment and issuance of the Bonus Shares.

2.1.4 Listing of and quotation for the Bonus Shares

Approval has been obtained from Bursa Securities vide its letter dated 12 September 2018 for the listing of and quotation for the Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities.

The Bonus Shares shall be listed and quoted on the Main Market of Bursa Securities on the next Market Day following the Bonus Entitlement Date.

2.2 Proposed ESOS

The Proposed ESOS involves the granting of ESOS Options to the employees and Executive Directors of Ancom Group (excluding dormant subsidiaries and the Excluded Subsidiaries) who meet the criteria of eligibility for participation in the Proposed ESOS as set out in the By-Laws to subscribe for new Ancom Shares at specified prices to be determined in the manner set out in **Section 2.2.5** of this Circular.

For the avoidance of doubt, the ESOS Options will not be granted to the following persons:-

- (a) The Directors and employees of the Excluded Subsidiaries and the dormant subsidiaries of Ancom Group; and
- (b) The Non-Executive Directors of Ancom.

As set out in **Section 2.2.3** below, employees of the Excluded Subsidiaries and the dormant subsidiaries of Ancom Group shall not be entitled to participate in the Proposed ESOS. An Executive Director of Ancom shall be eligible to participate in the Proposed ESOS notwithstanding that the same person is also a Non-Executive Director of Ancom Group or Executive Director in any of the Excluded Subsidiaries.

The Proposed ESOS will be administered by a committee to be appointed and duly authorised by the Board and shall be governed by the By-Laws, a draft of which is set out in **Appendix I** of this Circular. The Proposed ESOS will be implemented after the completion of the Proposed Bonus Issue.

2.2.1 Maximum number of Ancom Shares available under the Proposed ESOS

The maximum number of new Ancom Shares, which may be allotted pursuant to the Proposed ESOS shall not exceed in aggregate 10% of the total number of issued shares of the Company at any point in time during the existence of the Proposed ESOS.

As at the LPD, the issued share capital of Ancom is RM218,956,342 comprising 218,956,342 Ancom Shares (including 3,779,327 treasury shares held by the Company).

2.2.2 Basis of allotment and maximum allowable allotment

The maximum number of new Ancom Shares that may be offered to an Eligible Person(s) under the Proposed ESOS shall be determined at the discretion of the ESOS Committee after taking into consideration, amongst others and where relevant, the performance, contribution, employment grade, seniority and length of service of the Eligible Person(s) and shall be subject to the following:-

- i. The Executive Directors and senior management do not participate in the deliberation or discussion of their own allocation;

- ii. The allocation to an Eligible Person(s), who either singly or collectively, through persons connected to the Eligible Person(s), holds 20% or more of the total number of issued shares of Ancom, must not exceed 10% of the total number of new Ancom Shares to be issued under the Proposed ESOS; and
- iii. At any point in time when an Offer is made, not more than 60% of the ESOS Options available under the Proposed ESOS shall be allocated, in aggregate, to the Executive Directors and senior management of Ancom Group (excluding dormant subsidiaries and the Excluded Subsidiaries).

The maximum allocation of the ESOS Options made available in aggregate to the Executive Directors and senior management of Ancom Group (excluding dormant subsidiaries and the Excluded Subsidiaries) was determined after taking into consideration, amongst others, the estimated number of Eligible Persons falling within the grading of Executive Directors and senior management of Ancom Group (excluding dormant subsidiaries and the Excluded Subsidiaries) and their performance, contribution, employment grade, seniority and length of service.

The ESOS Committee shall have the discretion in determining whether the granting of the ESOS Options to the Eligible Persons, will be based on staggered granting over the duration of the Proposed ESOS, of which such determination will be carried out by the ESOS Committee at a later date. The ESOS Committee also has the discretion to determine whether the Options are subject to any vesting period and if so the vesting conditions and whether such vesting is subject to performance target.

2.2.3 Eligibility

Only Eligible Person(s) of Ancom Group (excluding dormant subsidiaries and the Excluded Subsidiaries) who meet the following criteria as at the Date of Offer shall be eligible for participation in the Proposed ESOS:-

- (a) if he is a Malaysian citizen who has attained eighteen (18) years of age;
- (b) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (c) if he has been confirmed in service and has served at least one (1) year in the employment of Ancom Group (excluding dormant subsidiaries and the Excluded Subsidiaries), unless the ESOS Committee under certain circumstances and at its sole discretion reduces the period of one (1) year to a lesser period as it deems fit;
- (d) where the Executive Director or employee is under an employment contract, the contract is for a duration of at least one (1) year and shall have not expired within three (3) months from the Date of Offer; and
- (e) must have complied with any other criteria imposed by the ESOS Committee from time to time.

For avoidance of doubt, employees of the Excluded Subsidiaries and the dormant subsidiaries of Ancom Group shall not be entitled to participate in the Proposed ESOS. An Executive Director of Ancom shall be eligible to participate in the Proposed ESOS notwithstanding that the same person is also a Non-Executive Director of Ancom Group or Executive Director in any of the Excluded Subsidiaries.

In the case of an Executive Director or a chief executive or a major shareholder of Ancom and/ or persons connected to them who is an Eligible Person(s), their specific allotments under the Proposed ESOS shall be approved by the shareholders of Ancom in a general meeting.

Eligibility, however, does not confer on an Eligible Person a claim or right to participate or a right to claim in or any rights whatsoever under the Proposed ESOS and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Options unless an Offer has been made in writing by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the By-Laws.

The selection of any Eligible Person for participation in the Proposed ESOS shall be at the discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding. Other eligibility and allocation criteria shall be determined by the Board after recommendation from the ESOS Committee.

It is the intention of Ancom that only the Executive Director(s) of the Ancom shall be eligible to participate in the Proposed ESOS and all the Non-Executive Directors of Ancom shall not be entitled to participate in the Proposed ESOS.

2.2.4 Duration

The Proposed ESOS, when implemented, shall be in force for a period of five (5) years from the effective date of implementation of the Proposed ESOS.

On or before the expiry of the above initial five (5)-year period, the Proposed ESOS may be extended by the ESOS Committee at its absolute discretion, without having to obtain approval from the Company's shareholders in general meeting, for a further period of up to five (5) years immediately from the expiry of the first five (5) years, but will not in aggregate exceed ten (10) years from the Effective Date or such longer period as may be allowed by the relevant authorities.

2.2.5 Basis of determining the subscription price

Subject to any adjustments made under the By-Laws and pursuant to the Listing Requirements, the subscription price shall be based on the five (5)-day weighted average market price of Ancom Shares immediately preceding the date on which an offer is made by the ESOS Committee in writing, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and/ or any other relevant authorities from time to time during the duration of the ESOS at the ESOS Committee's discretion.

2.2.6 Acceptance of Offer

An Offer made by the ESOS Committee to an Eligible Person under the By-Laws shall be valid for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee on a case-to-case basis at its discretion and may be accepted within this prescribed period by the Eligible Person by written notice to the ESOS Committee in the form prescribed by the ESOS Committee, accompanied by a payment to the Company of a nominal non-refundable sum of RM1.00 only as consideration for the grant of the Option.

If the Offer is not accepted in the manner aforesaid, such Offer shall, upon the expiry of the aforesaid period, automatically lapse and thereafter be null and void and of no further effect, and the Ancom Shares comprised in such Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.

Within 30 days of the date of acceptance of an Offer or such longer period as may be determined by the ESOS Committee, the ESOS Committee shall issue to each of the Grantees, a certificate in such form as may be determined by the ESOS Committee, for all valid acceptances of the Offer in accordance with the provisions of the By-Laws.

2.2.7 Amendments and/ or modifications

Subject to the compliance with the Listing Requirements and any other relevant authorities, the ESOS Committee may, at any time and from time to time, recommend to the Board any additions and amendments to or deletions of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of the By-Laws upon such recommendation provided that no additions or amendments to or deletions of the By-Laws shall be made which will:-

- i. prejudice any rights of the Grantee of the Company which would have accrued to any Grantee without his prior consent; or
- ii. increase the number of Ancom Shares available under the Proposed ESOS beyond the maximum imposed by the By-Laws; or
- iii. provide an advantage to any Grantee or group of Grantees or all Grantees,

unless shareholders' approval is obtained at a general meeting.

Where any amendments and/ or modifications are made to the By-Laws, the Company shall submit to Bursa Securities, the amendments and/ or modifications to the By-Laws and a confirmation letter that the amendments and/ or modifications complies with the provisions of the guidelines on the Proposed ESOS stipulated under the Listing Requirements and the rules of Bursa Depository no later than five (5) Market Days from the effective date of the said amendments and/ or modifications.

2.2.8 Ranking of the ESOS Options and new Ancom Shares to be issued arising from the exercise of the ESOS Option(s)

The Eligible Person(s) who have accepted the offer will not be entitled to any voting right or participation in any form of distribution and/ or offer of further securities in the Company until and unless such Grantee(s) exercise their ESOS Option(s) into new Ancom Shares.

The new Ancom Shares to be issued arising from the exercise of the ESOS Option(s) shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Ancom Shares, save and except that the new Ancom Shares will not be entitled to any dividends, rights, allotment and/ or other forms of distribution that may be declared, made or paid to shareholders, of which the entitlement date precedes the date of allotment and issuance of the new Ancom Shares. The new Ancom Shares will be subject to all provisions of the Articles of Association/ Constitution of Ancom relating to transfer, transmission or otherwise.

2.2.9 Listing of and quotation for the new Ancom Shares to be issued arising from the exercise of the ESOS Option(s)

The approval has been obtained from Bursa Securities vide its letter dated 12 September 2018 for the listing of and quotation for the ESOS Shares on the Main Market of Bursa Securities.

2.2.10 Utilisation of proceeds

The actual amount of proceeds to be raised from the Proposed ESOS will depend on the number of ESOS Option(s) granted and exercised at the relevant point of time and the subscription price payable upon the exercise of the ESOS Option(s).

The proceeds arising from the exercise of the ESOS Option(s) will be utilised for the working capital requirements of Ancom Group, as and when received, within the duration of the ESOS. As such, the exact timeframe for utilisation of the proceeds cannot be determined at this juncture.

The proceeds for working capital will be utilised to finance the Group's operational expenses which may include, but not limited to, staff costs, payment to trade creditors and general expenses. Notwithstanding the foregoing, the detailed allocation to each component of the working capital cannot be determined at this juncture as there is no certainty in the timing and amount to be raised from the exercise of the ESOS Option(s).

3. RATIONALE AND JUSTIFICATIONS

3.1 Proposed Bonus Issue

After due consideration, the Board is of the view that the Proposed Bonus Issue is the most appropriate avenue of rewarding the existing shareholders of the Company while at the same time enhancing the Company's capital base as the Proposed Bonus Issue will:-

- i. Reward the existing shareholders of the Company for their continuous support;
- ii. Enlarge the number of Shares held by the Company's existing shareholders without increasing the percentage equity interest; and
- iii. Possibly able to encourage trading liquidity of Shares on Bursa Securities and greater participation by investors as well as potentially broadening the shareholder base of the Company.

3.2 Proposed ESOS

The implementation of the Proposed ESOS primarily serves to align the interests of the Eligible Person(s) to the corporate goals of Ancom Group. The Proposed ESOS will provide the Eligible Person(s) with an opportunity to have equity participation in the Company and help achieve the positive objectives as set out below:-

- i. To recognise the contribution of the Eligible Person(s) whose services are valued and considered vital to the operations and continued growth of Ancom Group;
- ii. To motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- iii. To inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company; and
- iv. To reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of Ancom Shares, upon exercising of the ESOS Options.

4. EFFECTS OF THE PROPOSALS

4.1 Issued share capital

The pro forma effects of the Proposals on the issued share capital of Ancom are set out below:-

	Minimum Scenario		Maximum Scenario	
	No of Shares (^{'000})	RM ^{'000}	No of Shares (^{'000})	RM ^{'000}
Latest share capital	218,956	218,956	218,956	218,956
Less: Treasury shares, at cost	(3,779)	(2,473)	-	-
	<u>215,177</u>	<u>216,483</u>	<u>218,956</u>	<u>218,956</u>
Shares to be issued pursuant to the Proposed Bonus Issue	21,518	21,518 ^{*1}	21,896	21,896 ^{*1}
	<u>236,695</u>	<u>238,001</u>	<u>240,852</u>	<u>240,852</u>
Shares to be issued assuming full exercise of the ESOS Options granted	23,669 ^{*2}	13,255 ^{*3}	24,085 ^{*2}	13,488 ^{*3}
Enlarged share capital	<u>260,364</u>	<u>251,256</u>	<u>264,937</u>	<u>254,340</u>

Notes:-

^{*1} The capitalisation amount is calculated based on the number of Bonus Shares to be issued multiplied by the last known par value of the Company, i.e. RM1.00

^{*2} Purely for illustration purpose only, calculated based on 10% of the enlarged issued shares after the Proposed Bonus Issue. For the avoidance of doubt, the maximum number of new Ancom Shares which may be allotted pursuant to the Proposed ESOS shall not exceed in aggregate 10% of the total number of issued shares of the Company at any point in time during the duration of the ESOS

^{*3} Purely for illustration purpose only, calculated based on RM0.5600, being approximately 9.25% discount to the theoretical ex-bonus price of Ancom Shares of RM0.6171. For the avoidance of doubt, the theoretical ex-bonus price of Ancom Shares was calculated based on the 5-day volume weighted average market price of Ancom Shares up to and including the LPD of RM0.6788

4.2 NA per Share and gearing

Based on the latest audited consolidated statements of financial position of Ancom Group as at 31 May 2018, the pro forma effects of the Proposed Bonus Issue on the NA per Share and gearing of the Group are set out below:-

Minimum Scenario

	Audited as at 31 May 2018 RM'000	I After the Proposed Bonus Issue RM'000
Share capital	218,956	240,474
Treasury shares, at cost	(2,473)	(2,473)
Share premium	4,332	- ^{*1}
Capital reserve	203	203
Exchange translation reserve	7,696	7,696
Capital redemption reserve	4,987	4,987
Retained earnings	83,537	66,201 ^{*2}
Shareholders' equity/ NA	317,238	317,088
No. of Shares outstanding (less treasury shares) ('000)	215,177	236,695
NA per share (RM)	1.47	1.34
Borrowings (RM'000)	390,662	390,662
Gearing (times)	1.23	1.23

Notes:-

^{*1} After debiting the capitalisation amount of RM4.33 million from the share premium account pursuant to the Proposed Bonus Issue

^{*2} After debiting the balance capitalisation amount of RM17.19 million from the retained earnings account pursuant to the Proposed Bonus Issue and deducting estimated expenses amounting to RM150,000 for the Proposals

Maximum Scenario

	Audited as at 31 May 2018 RM'000	I After assuming all treasury shares are resold RM'000	II After I and the Proposed Bonus Issue RM'000
Share capital	218,956	218,956	240,852
Treasury shares, at cost	(2,473)	-	-
Share premium	4,332	4,332	- ^{*1}
Capital reserve	203	203	203
Exchange translation reserve	7,696	7,696	7,696
Capital redemption reserve	4,987	4,987	4,987
Retained earnings	83,537	83,537	65,823 ^{*2}
Shareholders' equity/ NA	317,238	319,711	319,561
No. of Shares outstanding (less treasury shares) ('000)	215,177	218,956	240,852
NA per share (RM)	1.47	1.46	1.33
Borrowings (RM'000)	390,662	390,662	390,662
Gearing (times)	1.23	1.22	1.22

Notes:-

^{*1} After debiting the capitalisation amount of RM4.33 million from the share premium account pursuant to the Proposed Bonus Issue

^{*2} After debiting the balance capitalisation amount of RM17.56 million from the retained earnings account pursuant to the Proposed Bonus Issue and deducting estimated expenses amounting to RM150,000 for the Proposals

The Proposed ESOS is not expected to have an immediate effect on the NA per Share and gearing of the Group until such time when the ESOS Options to be granted under the Proposed ESOS are exercised. The effects on the NA per Share and gearing of the Group will depend on, amongst others, the subscription price of the ESOS Option(s), the number of new Ancom Shares to be issued upon the exercise of the ESOS Option(s) and the potential effect on the future earnings of the Group arising from the adoption of the Malaysia Financial Reporting Standards ("**MFRS**") 2 on share-based payment.

Under the MFRS 2 on share-based payment, the cost arising from the issuance of the ESOS Options is measured by the fair value of the ESOS Options, which is expected to vest at each Date of Offer and is recognised in the statement of comprehensive income, thereby reducing the earnings of Ancom Group. The fair value of the ESOS Options is determined after taking into consideration, amongst others, the historical volatility of Ancom Shares, the risk-free rate, the Subscription Price of the ESOS Options and time to maturity of the ESOS Options from the vesting date of the ESOS Options. Hence, the potential effect on the EPS of Ancom Group, as a consequence of the recognition of the said cost, cannot be determined at this juncture.

Nevertheless, the Company has taken note of the potential impact of the MFRS 2 on the Group's future NA per Share and shall take into consideration such impact on the allocation and granting of ESOS Option(s) to the Eligible Person(s).

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

4.3 Substantial shareholders' shareholdings

The Proposed ESOS is not expected to have an immediate effect on the substantial shareholders' shareholdings in Ancom until such time when the ESOS Option(s) to be granted under the Proposed ESOS are exercised. Any potential effect on the substantial shareholdings in Ancom will depend on the number of ESOS Option(s) granted and new Ancom Shares to be issued arising from the exercise of the ESOS Option(s) at any point in time.

For illustrative purposes only, the pro forma effects of the Proposed Bonus Issue on the substantial shareholders' shareholdings in Ancom are set out below:-

Minimum Scenario

Substantial shareholders	Shareholdings as at the LPD			After the Proposed Bonus Issue		
	<-----Direct----->	<-----Indirect----->	% ^{*1}	<-----Direct----->	<-----Indirect----->	% ^{*1}
	No. of Shares	No. of Shares	% ^{*1}	No. of Shares	No. of Shares	% ^{*1}
Dato' Siew Ka Wei	24,087,165	20,471,748	11.19	26,495,881	22,518,922	11.19
Chan Thye Seng	-	42,797,402	-	-	47,077,142	-
Pacific & Orient Berhad	31,877,978	10,589,424	14.81	35,065,775	11,648,366	14.81
Siew Nim Chee & Sons Sdn Bhd	14,558,987	-	6.77	16,014,885	-	6.77

Notes:-

- ^{*1} Excluding a total of 3,779,327 Ancom Shares purchased by the Company and retained as treasury shares
- ^{*2} Deemed interest by virtue of his direct and indirect interests held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Datin Young Ka Mun and Quek Lay Kheng
- ^{*3} Deemed interest by virtue of his direct and indirect interests held through Pacific & Orient Berhad, Pacific & Orient Insurance Co Berhad, Tysim Holdings Sdn Bhd and Tan Soo Leng
- ^{*4} Deemed interest by virtue of his direct and indirect interests held through Pacific & Orient Insurance Co Berhad, a wholly-owned subsidiary of Pacific & Orient Berhad

Maximum Scenario

	Shareholdings as at the LPD		After assuming all the treasury shares are resold	
	<-----Direct-----> No. of Shares	<-----Indirect-----> % ^{*1}	<-----Direct-----> No. of Shares	<-----Indirect-----> %
Dato' Siew Ka Wei	24,087,165	11.19	20,471,748	9.51 ²
Chan Thye Seng	-	-	42,797,402	19.89 ³
Pacific & Orient Berhad	31,877,978	14.81	10,589,424	4.92 ⁴
Siew Nim Chee & Sons Sdn Bhd	14,558,987	6.77	-	-
			24,087,165	11.00
			-	-
			31,877,978	14.56
			14,558,987	6.65
			20,471,748	9.35 ²
			42,797,402	19.55 ³
			10,589,424	4.84 ⁴
			-	-

II

After I and the Proposed Bonus Issue

	<-----Direct-----> No. of Shares	<-----Indirect-----> %	<-----Direct-----> No. of Shares	<-----Indirect-----> %
Dato' Siew Ka Wei	26,495,881	11.00	22,518,922	9.35 ²
Chan Thye Seng	-	-	47,077,142	19.55 ³
Pacific & Orient Berhad	35,065,775	14.56	11,648,366	4.84 ⁴
Siew Nim Chee & Sons Sdn Bhd	16,014,885	6.65	-	-

Notes:-

^{*1} Excluding a total of 3,779,327 Ancom Shares purchased by the Company and retained as treasury shares

^{*2} Deemed interest by virtue of his direct and indirect interests held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Datin Young Ka Mun and Quek Lay Kheng

^{*3} Deemed interest by virtue of his direct and indirect interests held through Pacific & Orient Berhad, Pacific & Orient Insurance Co Berhad, Tysim Holdings Sdn Bhd and Tan Soo Leng

^{*4} Deemed interest by virtue of his direct and indirect interests held through Pacific & Orient Insurance Co Berhad, a wholly-owned subsidiary of Pacific & Orient Berhad

4.4 Earnings and EPS

The Proposed Bonus Issue which is expected to be implemented by the fourth quarter of 2018, is not expected to have any material effect on the earnings of the Group for the FYE 31 May 2018. However, there will be a corresponding dilution in the EPS of the Group for the financial year ending 31 May 2019 as a result of the increase in the number of Bonus Shares pursuant to the implementation of the Proposed Bonus Issue.

The Proposed ESOS is not expected to have any immediate effect on the consolidated EPS of the Group until such time when the ESOS Option(s) are exercised. Any potential effect on the consolidated earnings and EPS in the future will depend on factors such as the number of ESOS Option(s) granted and exercised at any point in time.

Under the MFRS 2 on share-based payment, the cost arising from the issuance of the ESOS Option(s) is measured by the fair value of the ESOS Option(s), which is expected to vest at each Date of Offer and is recognised in the statement of comprehensive income, thereby reducing the earnings of Ancom Group. The fair value of the ESOS Option(s) is determined after taking into consideration, amongst others, the historical volatility of Ancom Shares, the risk-free rate, the subscription price of the ESOS Option(s) and time to maturity of the ESOS Option(s) from the vesting date of the ESOS Option(s). Hence, the potential effect on the EPS of Ancom Group, as a consequence of the recognition of the said cost, cannot be determined at this juncture.

Nevertheless, the Company has taken note of the potential impact of the MFRS 2 on Ancom Group's future earnings and shall take into consideration such impact on the allocation and granting of ESOS Option(s) to the Eligible Persons.

4.5 Convertible securities

As at the LPD, the Company does not have any other existing convertible securities.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Ancom Shares as traded on Bursa Securities for the past 12 months from September 2017 to August 2018 are set out below:-

	High RM	Low RM
2017		
September	0.770	0.635
October	0.745	0.665
November	0.675	0.505
December	0.570	0.510
2018		
January	0.635	0.525
February	0.575	0.485
March	0.545	0.470
April	0.620	0.480
May	0.575	0.405
June	0.520	0.485
July	0.700	0.455
August	0.755	0.655
Last transacted market price on 25 July 2018 (being the date prior to the announcement on the Proposals)		0.535
Last transacted market price on the LPD (being the latest practicable date prior to the printing of this Circular)		0.690

(Source: Bloomberg)

6. APPROVALS REQUIRED/ OBTAINED

The Proposals are conditional upon approvals being obtained from the following:-

- i. Bursa Securities, for the listing of and quotation for the following securities on the Main Market of Bursa Securities:-
 - a. Bonus Shares, pursuant to the Proposed Bonus Issue;
 - b. New Ancom Shares to be issued arising from the exercise of the ESOS Option(s),

The approval of Bursa Securities was obtained vide its letter dated 12 September 2018 and subject to the following conditions:-

Conditions	Status of compliance
(a) Ancom and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue	To be complied
(b) Ancom and UOBKH to inform Bursa Securities upon the completion of the Proposed Bonus Issue	To be complied
(c) Ancom to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed	To be complied
(d) Ancom and UOBKH are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a)&(b) and 6.35(4) of the Listing Requirements	To be complied
(e) UOBKH to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation, together with the following:- <ol style="list-style-type: none">(i) A certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed ESOS; and(ii) Letter of compliance in relation to the ESOS By-Laws pursuant to Paragraph 2.12 of the Listing Requirements together with a copy of the final ESOS By-Laws.	To be complied
(f) Ancom to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of options under the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable	To be complied

- ii. The shareholders of Ancom for the Proposals at an extraordinary general meeting of the Company to be convened. The voting on the resolutions pertaining to the Proposals at the EGM will be taken via poll.

The Proposals are not inter-conditional upon each other. In addition, the Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

The voting on the resolutions pertaining to the Proposals at the EGM will be taken on a poll.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM

None of the Directors and/ or major shareholders of the Company and/ or persons connected to them have any interest, either direct or indirect, in the Proposed Bonus Issue, save for their respective entitlements as shareholders of the Company under the Proposed Bonus Issue which are also available to all other shareholders of the Company.

All the Executive Directors of Ancom, namely Dato' Siew Ka Wei and Dato' Ahmad Johari Bin Abdul Razak ("**Interested Directors**"), are eligible to participate in the Proposed ESOS, and are therefore deemed interested to the extent of their respective allocations under the Proposed ESOS. Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating, expressing an opinion and making any recommendations at all relevant Board meetings in relation to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed ESOS. The Interested Directors will also abstain from voting in respect of their direct and/ or indirect shareholdings, if any, at the forthcoming EGM of the Company on the ordinary resolutions to be tabled for their respective proposed allocation, if any, as well as the proposed allocations to the persons connected to them, if any. The Interested Directors undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings, if any, in the Company on the ordinary resolutions pertaining to their respective proposed allocation and the proposed allocations to the persons connected to them to be tabled at an EGM of the Company to be convened.

The major shareholder of Ancom, namely Dato' Siew Ka Wei, who is also an Eligible Person under the Proposed ESOS ("**Interested Major Shareholder**") will abstain from voting in respect of his direct and/ or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocation to himself, as well as the proposed allocations to the persons connected to him under the Proposed ESOS, if any, to be tabled at an EGM of the Company to be convened. The Interested Major Shareholder will also undertake to ensure that persons connected to him, if any, will abstain from voting in respect of his direct and/ or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocation to the Interested Major Shareholder and the proposed allocations to the persons connected to him under the Proposed ESOS, if any, to be tabled at an EGM of the Company to be convened.

The Chief Executive Officer of Ancom, namely Lee Cheun Wei, who is also an Eligible Person under the Proposed ESOS ("**Interested Chief Executive**") will abstain from voting in respect of his direct and/ or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocation to himself, as well as the proposed allocations to the persons connected to him under the Proposed ESOS, if any, to be tabled at an EGM of the Company to be convened. The Interested Chief Executive will also undertake to ensure that persons connected to him, if any, will abstain from voting in respect of his direct and/ or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocation to the Interested Chief Executive and the proposed allocations to the persons connected to him under the Proposed ESOS, if any, to be tabled at an EGM of the Company to be convened.

The shareholdings of the Interested Directors, the Interested Major Shareholder and the Interested Chief Executive of Ancom as at the LPD are set out below:-

	Shareholdings as at the LPD			
	Direct		Indirect	
	No. of Shares	%*1	No. of Shares	%*1
Interested Directors				
Dato' Siew Ka Wei	24,087,165	11.19	20,471,748*2	9.51
Dato' Ahmad Johari Bin Abdul Razak	465,427	0.22	-	-

Shareholdings as at the LPD

Direct		Indirect	
No. of Shares	% ^{*1}	No. of Shares	% ^{*1}

Interested Major Shareholder

Dato' Siew Ka Wei	24,087,165	11.19	20,471,748 ^{*2}	9.51
-------------------	------------	-------	--------------------------	------

Interested Chief Executive

Lee Cheun Wei	3,770,800	1.75	-	-
---------------	-----------	------	---	---

Notes:-

- ^{*1} Excluding a total of 3,779,327 Ancom Shares purchased by the Company and retained as treasury shares
- ^{*2} Deemed interest by virtue of his direct and indirect interests held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Datin Young Ka Mun and Quek Lay Kheng

8. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposals to be implemented by the fourth quarter of 2018.

The tentative timetable for implementation of the Proposals is set out below:-

Month	Events
18 October 2018	<ul style="list-style-type: none"> • Convening of EGM to obtain the approval of shareholders of Ancom
End October 2018	<ul style="list-style-type: none"> • Announcement of the Bonus Entitlement Date
Early November 2018	<ul style="list-style-type: none"> • Bonus Entitlement Date • Listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities
Fourth quarter of 2018	<ul style="list-style-type: none"> • Implementation of the Proposed ESOS

9. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals (being subject matter of this Circular), the Board is not aware of any other corporate exercises that have been announced but not yet completed prior to the printing of this Circular.

10. DIRECTOR'S RECOMMENDATION

The Board, after having considered all the relevant aspects in respect of the Proposals, including the rationale and justifications of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of the Company.

However, in view that the Executive Directors of Ancom, namely Dato' Ahmad Johari Bin Abdul Razak and Dato' Siew Ka Wei are deemed interested in the Proposed ESOS to the extent of their respective allocations as well as allocations to persons connected to them under the Proposed ESOS, they have abstain from deliberating, expressing an opinion and making any recommendations at all relevant Board meetings in relation to their respective allocations as well as allocations to persons connected with them under the Proposed ESOS. They will also abstain and ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect interests in Ancom, on the resolutions pertaining to their respective allocations as well as allocations to persons connected with them under the Proposed ESOS at the forthcoming EGM of the Company.

11. EGM

The EGM, the notice of which is enclosed in this Circular, is scheduled to be held at 3.30 p.m. on Thursday, 18 October 2018 at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia, or immediately following the conclusion or adjournment of the 49th Annual General Meeting of the Company scheduled to be held at the same venue and on the same day at 2.30 p.m., whichever is later, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend, speak and vote in person at the EGM, you are requested to complete and return the enclosed Form of Proxy in accordance with the instruction provided thereon so as to arrive at the Company's 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 G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time stipulated for holding the EGM. The lodging of the Form of Proxy does not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

12. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board
ANCOM BERHAD

DATO' SIEW KA WEI
Executive Chairman

DRAFT BY-LAWS OF THE PROPOSED ESOS

ESOS By-Laws

**ANCOM BERHAD
BY-LAWS OF THE PROPOSED EMPLOYEES' SHARE OPTION SCHEME**

The By-Laws of the Proposed ESOS are set out below:

1. DEFINITIONS AND INTERPRETATIONS

In this Scheme, the words herein shall bear the following meanings namely:

“Act”	:	Companies Act 2016 and any amendments made to it from time to time
“Adviser”	:	Any person who is eligible to act as a principal adviser under the Principal Adviser Guidelines issued by the Securities Commission Malaysia
“Ancom” or “Company”	:	Ancom Berhad (Company No. 8440-M)
“Ancom Group” or “Group”	:	Ancom and its subsidiaries as defined in Section 4 of the Act
“Available Balance”	:	Unissued share capital of the Company which is available for Offer subject to the Maximum Limit and after deducting all Shares under Options which have been granted
“Board”	:	The Board of Directors of the Company
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“By-Laws”	:	The terms and conditions of the Scheme as amended from time to time
“CDS Account”	:	A Central Depository System account opened with the Bursa Depository for the recording of dealings in securities by a depositor
“Date of Allocation”	:	A date to be determined by the ESOS Committee to be the date on which an Employee is deemed eligible to participate in the Scheme
“Date of Expiry”	:	The last day of the Duration of the Scheme
“Date of Offer”	:	The date on which an Offer (including subsequent offers) is made by the ESOS Committee in writing to any Eligible Person(s) to participate in the Scheme
“Director”	:	Has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007

“Duration of the Scheme”	:	Period of five (5) years from the Effective Date subject to extension or early termination in accordance with By-Laws 20.1 and 20.2 respectively
“Effective Date”	:	The date on which the Scheme comes into force as provided in By-Law 20.3
“Eligible Company(ies)”	:	The Company and its Eligible Subsidiaries
“Eligible Person(s)”	:	Employee or Executive Directors who meets the criteria of eligibility for participation in the Scheme as set out in By-Law 4
“Eligible Subsidiaries”	:	Subsidiaries within the Group which are eligible to participate in the Scheme as determined by the ESOS Committee but excluding the Excluded Subsidiaries and subsidiaries which are dormant
“Employee”	:	A natural person who is employed by and on the payroll of any company in Ancom Group but excluding those employed in the Excluded Subsidiaries
“ESOS” or “Scheme”	:	The employees’ share option scheme for the grant of Options to Eligible Person(s) to subscribe for new Shares in the Company in accordance with these By-Laws and such Scheme to be known as “Ancom Employees’ Share Option Scheme”
“ESOS Committee”	:	The committee appointed by the Board to administer the Scheme
“Excluded Subsidiaries”	:	Subsidiary companies of the Ancom Group whose shares are listed in Bursa Securities together with their subsidiary companies within the said listed subsidiary company of Ancom Group
“Executive Director”	:	Any executive director of Ancom Group (excluding dormant subsidiaries and Excluded Subsidiaries) whom, on the date of the Offer Letter, is on the payroll of the Company and/or the Eligible Subsidiaries and is involved in the day-to-day management of the Company and/or the Eligible Subsidiaries and for the avoidance of doubt, shall exclude any non-executive director of Ancom Group
“Grantee”	:	A Selected Employee who has accepted the Offer by the ESOS Committee in accordance with the provisions of By-Law 7
“Listing Requirements”	:	The Main Market Listing Requirements of Bursa Securities, as amended from time to time

“Market Day”	:	Has the same meaning as that assigned to “market day” in paragraph 1.01 of the Listing Requirements
“Maximum Allowable Allocation”	:	The maximum number of new Shares that can be offered and allotted to a Selected Employee to be determined by the ESOS Committee in accordance with the provisions of By-Law 5
“Maximum Limit”	:	10% of the total number of issued shares of the Company (excluding treasury shares, if any) at the point in time during the existence of the Scheme
“Notice of Allotment”	:	A notice confirming the allotment of Shares to the Grantee in accordance with By-Law 10.7 hereof
“Offer”	:	An offer made in writing by the ESOS Committee in accordance with the provisions or in the manner indicated in By-Law 6 to an Eligible Person
“Offer Letter”	:	The written offer document made by the ESOS Committee to a Selected Employee to participate in the Scheme as set out in By-Law 6.4
“Options”	:	The right of a Grantee to subscribe for Shares pursuant to the contract constituted by acceptance in the manner indicated in By-Law 6 of any Offer made in accordance with the terms of the Scheme and where the context so requires, means any part of the Options as shall remain unexercised
“Option Period”	:	A period commencing from the Date of Offer by the ESOS Committee to a Selected Employee pursuant to By-Law 6 hereof until the expiry date and/or termination of the Scheme or such date as may be specifically stated in such Offer for an Eligible Person to exercise the Options PROVIDED ALWAYS that no Option Period shall extend beyond the Duration of the Scheme referred to in By-Law 20 hereof
“Option Price”	:	The price at which the Grantee shall be entitled to subscribe for new Shares as set out in By-Law 8
“Person Connected”	:	Has the same meaning as that assigned to “Person Connected” in paragraph 1.01 of the Listing Requirements
“Selected Employee”	:	An Eligible Person who has been selected by the ESOS Committee and to whom an Offer has been made by the ESOS Committee in accordance with the terms of the Scheme
“Senior Management”	:	Any Employee of the Group who falls within the grading as determined by the ESOS Committee from time to time

“Shares” or “Ancom Shares” : Ordinary shares in the capital of the Company

In these By-Laws:

- (i) any reference to a statutory provision shall include any subordinate legislation made from time to time under the provision and any Listing Requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (whether or not having the force of law) but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or any other relevant regulatory authority;
- (ii) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted prior to the expiry of the Scheme and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced;
- (iii) words importing the singular meaning, where the context so admits, include the plural meaning and vice versa;
- (iv) words of the masculine gender include the feminine genders and all such words shall be construed interchangeably in that manner;
- (v) the headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws;
- (vi) any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee may be exercised at the ESOS Committee’s discretion; and
- (vii) if an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day PROVIDED ALWAYS if such date shall fall beyond the Duration of the Scheme, then the stipulated day shall be taken to be the preceding Market Day.

2. ADMINISTRATION OF THE SCHEME

- 2.1 This Scheme shall be administered by the ESOS Committee comprising of such number of persons as shall be appointed by the Board from time to time. The Board shall have the discretion as it deems fit to rescind the appointment of any member of the ESOS Committee and may appoint replacement members to the ESOS Committee.

- 2.2 The Board shall have the power to determine all matters pertaining to the ESOS Committee, including without limitation setting the terms of reference for the ESOS Committee, composition, duties, powers and limitations. The Board is entitled at any time and from time to time to change the terms of reference of the ESOS Committee.
- 2.3 The ESOS Committee shall administer the Scheme in such manner as it shall in its absolute discretion deem fit and within such powers and duties as are conferred upon it by the Board, subject to these By-Laws, including but not limited to the followings:
- (i) construe and interpret the Scheme and Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Scheme and its administration. The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
 - (ii) determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

3. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

- 3.1 The maximum number of new Shares which may be made available under the Scheme shall not exceed in aggregate ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time when the Offer is made or any limit prescribed by any guidelines, rules and regulations of the relevant authorities during the Duration of the Scheme.
- 3.2 Notwithstanding the provisions of By-Law 3.1 or any other provision herein contained, in the event the maximum number of new Shares comprised in the Options (including Shares that have been issued under the Scheme) exceeds the aggregate of ten percent (10%) limit as a result of the Company purchasing its own Shares in accordance with the provisions of Section 127 of the Act or undertaking any other corporate proposals, thereby reducing its total number of issued shares, the Options granted prior to the adjustment of the total number of issued shares of the Company shall remain valid and exercisable in accordance with the provisions of these By-Laws. However, in such an event, the ESOS Committee shall not make any further Offer until such time that the number of Shares under the subsisting Options fall below ten percent (10%) of the total number of issued shares (excluding treasury shares, if any) of the Company.
- 3.3 The Company will within the Duration of the Scheme keep available sufficient unissued Shares in the capital of the Company to satisfy all outstanding Options, which may be exercised in accordance with these By-Laws.
- 3.4 Each Option shall be exercisable into one (1) new fully paid-up Share, in accordance with the provisions of these By-Laws.

4. ELIGIBILITY

- 4.1 An Employee or Executive Director who meets the following criteria as at the Date of Offer shall be eligible for participation in the Scheme:
- (a) if he is a Malaysian citizen who has attained eighteen (18) years of age;
 - (b) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (c) if he has been confirmed in service and has served at least one (1) year in the employment of the Eligible Company (unless the ESOS Committee under certain circumstances and at its sole discretion reduces the period of one (1) year to a lesser period as it deems fit);
 - (d) where the Executive Director or Employee is under an employment contract, the contract is for a duration of at least one (1) year and shall have not expired within three (3) months from the Date of Offer; and
 - (e) must have complied with any other criteria imposed by the ESOS Committee from time to time,

PROVIDED ALWAYS that the selection of any Eligible Person for participation in the Scheme shall be at the discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding. Other eligibility and allocation criteria shall be determined by the Board after recommendation from the ESOS Committee.

- 4.2 The eligibility, however, does not confer on an Eligible Person a claim or right to participate or a right to claim in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Options unless an Offer has been made in writing by the ESOS Committee to the Eligible Persons and the Eligible Person has accepted the Offer in accordance with these By-Laws.
- 4.3 For avoidance of doubt, Eligible Persons who are employed by or on the payroll of Eligible Subsidiaries of the Company are also eligible to participate in the Scheme provided they fulfil the abovementioned selection criteria, and provided further that the Eligible Subsidiaries are not dormant. Employees of the holding company of the Company, associated companies and Excluded Subsidiaries shall not be entitled to participate in the Scheme. An Eligible Director shall be eligible to participate in the Scheme notwithstanding that the same person is also a non-executive director of the Ancom Group or executive director in any of the Excluded Subsidiaries.
- 4.4 Subject to the provisions of By-Law 23, no Eligible Person shall participate at any time in more than one (1) employees' share option scheme implemented by any company within the Ancom Group for the Duration of the Scheme.
- 4.5 A Grantee under the Scheme shall not be entitled to participate in any other employees' share option scheme, which may be implemented by any other company in the Ancom Group during the Duration of the Scheme.

5. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOCATION OF SHARES

- 5.1 Subject to any adjustments which may be made under By-Law 15, the aggregate number of new Shares that may be offered and allotted to any Selected Employee under the Scheme shall be at the absolute discretion of the ESOS Committee, after taking into consideration, amongst others and where relevant, the performance, contribution, employment grade, seniority, length of service and fulfilment of the eligibility criteria under By-Law 4 of the Selected Employee in the Eligible Companies or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit, subject to the following:
- (a) the Directors and Senior Management of the Group shall not be allowed to participate in the deliberation or discussion of their own allocations of Options under the Scheme;
 - (b) any Offer, allocation of Options under the Scheme and the related allotment of Shares to any person who is an Executive Director, major shareholder or chief executive officer of Ancom or holding company of Ancom or Persons Connected to such Executive Director, major shareholders or chief executive officer shall require the prior approval of the shareholders of Ancom in a general meeting. The foregoing persons and Persons Connected to them shall not vote on the resolution approving the said Offer, allocation and allotment;
 - (c) that the aggregate number of Shares comprised in the Options made available under the Scheme shall not exceed the amount stipulated in By-Law 3.1, but the ESOS Committee shall not be obliged in any way to offer a Selected Employee an Option for all the specified maximum number of Shares;
 - (d) that not more than ten percent (10%) of the Shares available under the Scheme at the point when the Offer is made shall be allocated to any individual Selected Employees who, either singly or collectively through Persons Connected with such Selected Employees holds twenty percent (20%) or more of the Ancom Shares (excluding treasury shares, if any);
 - (e) at any point in time when an Offer is made, not more than sixty percent (60%) of the Options available under the Scheme shall be allocated, in aggregate, to the Executive Directors and Senior Management of the Group; and
 - (f) that any performance target to be achieved before the Options can be granted and/or exercised by an Eligible Person shall be determined by the ESOS Committee. The ESOS Committee also has the discretion to determine whether the Options are subject to any vesting period and if so the vesting conditions and whether such vesting is subject to performance target.

- 5.2 A Grantee who is promoted during the tenure of the Scheme may be eligible for consideration of new additional Shares under the Scheme at the discretion of the ESOS Committee up to the Maximum Allowable Allocation to be determined by the ESOS Committee for the category to which he has been promoted to. A Grantee who is demoted to a lower employment category for whatever reason shall only be entitled to the allocation of that lower category unless an Offer has been made and accepted by him before such demotion.
- 5.3 An Employee or Executive Directors who during the Duration of the Scheme becomes an Eligible Person may be eligible to participate in the Scheme, the number of new Shares of which is to be decided by the ESOS Committee at its absolute discretion subject to any Maximum Allowable Allocation for the category to be determined by the ESOS Committee. Any Selected Employee holding more than one (1) position in the Eligible Companies and thereby falling within more than one (1) category of Selected Employees in the Eligible Companies shall only be entitled to the Maximum Allowable Allocation of the higher category.
- 5.4 The allotment of Shares arising from By-Law 5.3 above shall be made from the balance of new Shares available under the Scheme including those from Offers and Options which have lapsed or terminated.
- 5.5 The allocation of Options pursuant to the Scheme shall be verified by the Audit Committee of the Company, as being in compliance with the criteria set out in these By-Laws (where relevant) at the end of each financial year of the Company and a statement by the Company's Audit Committee verifying such allocation shall be included in the annual report of the Company.
- 5.6 The decision as to whether to stagger the allocation of the Options over the Duration of the Scheme will be determined by the ESOS Committee at a later date.

6. OFFER

- 6.1 The ESOS Committee may at its absolute discretion at any time and from time to time as it shall deem fit make an Offer to any Selected Employee whom the ESOS Committee may in its absolute discretion select, to subscribe for new Shares, in accordance with the terms of the Scheme.
- 6.2 The actual number of new Shares which may be offered to a Selected Employee shall be at the absolute discretion of the ESOS Committee and shall not be less than one hundred (100) new Shares but no more than the Maximum Allowable Allocation and shall be in multiples of hundred (100) shares. Such Offer is personal to the Selected Employee and is non-assignable and non-transferable.

Nothing herein shall prevent the ESOS Committee from making more than one (1) Offer during the Duration of the Scheme to each Selected Employee after the first Offer was made PROVIDED ALWAYS the aggregate Options offered to each Selected Employee (including Options already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allocation of such Selected Employee at the time the subsequent Offer (if any) is made.

- 6.3 The ESOS Committee has the discretion not to make further additional Offers regardless of the amount of Available Balance.
- 6.4 The ESOS Committee will in its Offer Letter to a Selected Employee state, *inter alia*, the following information, if applicable:
- (a) the number of Shares that can be subscribed under the Offer;
 - (b) the Option Price determined in accordance with the provisions of By-Law 8; and
 - (c) the closing date for acceptance of the Offer.
- 6.5 Such Offer is personal to the Selected Employee and cannot be assigned, transferred, encumbered or otherwise disposed of in any other manner whatsoever.
- 6.6 The Offer shall automatically lapse and thereafter be rendered null and void in the event of the death of the Selected Employee or the Selected Employee ceasing to be employed by an Eligible Company for any reason whatsoever prior to the acceptance of the Offer by the Selected Employee in the manner set out in By-Law 7 hereof.
- 6.7 The Company shall keep and maintain at its expense, a register of Grantees and shall enter in that register the names and addresses of the Grantees, the Maximum Allowable Allocation, the number of Options offered, the number of Options exercised, the Date of Offer and the Option Price.
- 6.8 The Company shall, on the Date of Offer, announce the following to Bursa Securities upon the Options offered under the Scheme:-
- a) Date of Offer;
 - b) Option Price;
 - c) number of Options offered;
 - d) market price of Ancom Shares on the Date of Offer;
 - e) number of Options offered to each Director, if any; and
 - f) vesting period of the Options offered.
- 6.9 In the event of any error or omission on the part of the Company or the ESOS Committee in respect of the Offer, the ESOS Committee shall do all such things and acts to rectify such error or omission and if necessary, issue a supplemental Offer to amend or rectify the error or omission within such period as may be reasonable prior to the acceptance of the Offer by an Eligible Person.

7. ACCEPTANCE OF OFFER

- 7.1 An Offer made under By-Law 6, shall be valid for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee on a case-to-case basis at its discretion and may be accepted within this prescribed period by the Selected Employee by written notice to the ESOS Committee in the form prescribed by the ESOS Committee, accompanied by a payment to the Company of a nominal non-refundable sum of Ringgit Malaysia One (RM1.00) only as consideration for the grant of the Option.

- 7.2 If the Offer is not accepted in the manner aforesaid, such Offer shall, upon the expiry of the aforesaid period, automatically lapse and thereafter be null and void and of no further effect, and the Ancom Shares comprised in such Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.
- 7.3 Within thirty (30) days of the date of acceptance of an Offer or such longer period as may be determined by the ESOS Committee, the ESOS Committee shall issue to each of the Grantees, a certificate ("**Option Certificate**") in such form as may be determined by the ESOS Committee, for all valid acceptances of the Offer in accordance with the provisions of this By-Law.
- 7.4 An administrative cost of Ringgit Malaysia Thirty (RM30.00 exclusive of sales and services tax, if applicable) only and any associated cost for the replacement of lost certificate of Options shall be fully borne by the Grantee and such Grantee shall have to sign a statutory declaration for the loss of the Option Certificate.

8. **OPTION PRICE**

- 8.1 The price at which a Grantee is entitled to subscribe for each new Ancom Share under the Option shall be determined by the ESOS Committee at a discount to the five (5)-day weighted average market price of Ancom Shares, as quoted on Bursa Securities, immediately preceding the Date of Offer of the Options, PROVIDED ALWAYS that the discount shall not exceed ten percent (10%) of the market price of Ancom Shares or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time at the discretion of the ESOS Committee.
- 8.2 The Option Price shall be stipulated in each Offer and shall be subject to any amendments and modifications to the Listing Requirements and to any adjustments provided under By-Law 15.1.

9. **NON-ASSIGNABLE**

An Option is personal to the Grantee. Save and except as provided in By-Law 18.5, an Option shall be non-assignable and non-transferable.

10. **EXERCISE OF OPTION**

- 10.1 An Option granted to a Grantee under the Scheme, subject to the provisions of By-Law 19, may be exercised by the Grantee,
- (a) during his lifetime;
 - (b) whilst he is in the employment of the Group; and
 - (c) within the Option Period,
- in full or in part on such time and working days as the ESOS Committee may notify the Grantee from time to time.

- 10.2 The ESOS Committee may pursuant to By-Law 16 hereof, at any time and from time to time, before or after an Option is granted, limit the exercise of the Option to a maximum number of new Ancom Shares and/or such percentage of total new Ancom Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending or varying any terms and conditions imposed earlier.
- 10.3 The Grantee shall notify the Company in writing of his intention to exercise an Option in such form as the ESOS Committee may prescribe or approve ("**Notice of Exercise**"). Every Notice of Exercise shall state the number of new Shares the Grantee intends to subscribe and be accompanied with the remittance for the full amount of the subscription monies payable in respect thereof and the Option Certificate which is the prima facie proof of a Grantee's entitlement to the Options set out therein.
- 10.4 Any partial exercise of the Option shall not preclude the Grantee from exercising the Option as to the balance of the Shares of his entitlement under the Scheme (if any) prior to the expiry of the Grantee's employment contract or prior to the expiry of the Option Period, whichever is the earlier.
- 10.5 When an Option is exercised only in part, a new Option Certificate for the balance of the Options not exercised shall be issued accordingly by the ESOS Committee to the Grantee within thirty (30) Days after receipt by the Company of notice of the partial exercise together with the requisite remittance as required by By-Law 10.3.
- 10.6 An Option may be exercised in respect of such lesser number of new Shares as the Grantee may decide to exercise provided that the number shall be in multiples of and not less than one hundred (100) new Shares save and except that in the event a Grantee's balance of new Shares exercisable under the option is less than one hundred (100), the said balance shall, if exercised, be exercised in a single tranche. Such partial exercise of an Option shall not preclude the Grantee from exercising the Option as to the balance of any new Shares, if any, which he is entitled to subscribe under the Offer.
- 10.7 The Grantee shall state his CDS Account number in the Notice of Exercise and the Company shall within eight (8) Market Days after the receipt of the valid Notice of Exercise and remittance from the Grantee or such other period as may be prescribed by Bursa Securities:
- (a) issue and/or allot the relevant number of Shares to the Grantee;
 - (b) deliver a notice of allotment to the Grantee; and
 - (c) make an application for the quotation of such number of Shares.

No physical share certificates will be delivered to the Grantee.

- 10.8 The ESOS Committee shall have the discretion to reject any incomplete or inaccurate Notice of Exercise. The ESOS Committee shall inform the Grantee of the rejection by notice in writing within fourteen (14) days from the date of rejection and the Grantee shall then be deemed not to have exercised his Options.

10.9 Notwithstanding anything to the contrary herein contained in these By-Laws, the ESOS Committee shall have the right in its absolute discretion by notice in writing to that effect:

- (i) to suspend the right of any Grantee who is found to have contravened the written policies and guidelines of the Group (whether or not such contravention may give rise to a disciplinary proceeding being instituted) to exercise his Option. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its absolute discretion, on the right of exercise of the Option having regard to the nature of the contravention PROVIDED ALWAYS that in the event such contravention would result in the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice, upon pronouncement of the dismissal or termination of service of such Grantee; or
- (ii) to suspend the right of any Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee) to exercise his Option pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its absolute discretion, on the right of exercise of the Option having regard to the nature of the charges made or brought against such Grantee PROVIDED ALWAYS that:
 - (a) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise his Option; or
 - (b) in the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, all unexercised and partially exercised Options of the Grantee shall immediately cease without notice and become null and void, upon the pronouncement of such dismissal or termination of service of such Grantee; or
 - (c) in the event such Grantee is found guilty but is not dismissed or termination of service is not recommended, the ESOS Committee shall have the right to determine in its absolute discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such terms and conditions as it deems appropriate, upon such exercise.

11. RIGHTS OF A GRANTEE

11.1 The Options shall not carry any right to vote at any general meeting of the Company.

11.2 A Grantee shall not be entitled to any dividends, rights or other entitlements on his unexercised Options.

12. RIGHTS ATTACHING TO SHARES

The new Shares to be issued and allotted and pursuant to the exercise of the Option shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing Shares of the Company, save and except that the new Shares will not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid, of which the entitlement date is prior to the date of allotment and issuance of the new Shares. The new Shares will be subject to all the provisions of the Memorandum and Articles of Association or Constitution of the Company relating to transfer, transmission or otherwise.

For the purpose hereof, the entitlement date means the date as at the close of business on which shareholders of Ancom must be registered as a member and whose names appear in the record of depositors maintained with Bursa Depository in order to participate in any right, dividend, allotment and/or other forms of distribution.

13. RETENTION PERIOD

13.1 The Shares to be issued and allotted to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restriction on transfer.

14. LISTING AND QUOTATION OF SHARES

14.1 The Company shall use its best endeavours to obtain a blanket approval for the listing of and quotation for the new Ancom Shares arising from the Scheme.

14.2 The Company and the ESOS Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and howsoever relating to the delay on the part of the Company in issuing and allotting Shares or in procuring Bursa Securities to list the Shares for which the Grantee is entitled to subscribe.

15. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

15.1 Subject to By-Law 15.3, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:

- (i) the number of Options granted to each Grantee; and/or
- (ii) the Option Price;

as shall be necessary to give a Grantee, the same proportion of the issued capital of the Company as that to which he was entitled prior to the event giving rise to such adjustment.

The computation for the adjustment to the number of Options granted to each Grantee and/or the Option Price is set out in Appendix A to these By-Laws.

- 15.2 By-Law 15.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
- (i) an issue of Shares upon the exercise of Options pursuant to the Scheme; or
 - (ii) an issue of Shares arising from the conversion of securities with a right of conversion into Shares; or
 - (iii) an issue of securities as consideration for an acquisition; or
 - (iv) an issue of securities as a private placement or restricted issue; or
 - (v) an issue of securities as a special issue approved by the relevant governmental authorities; or
 - (vi) a purchase by the Company of its own Shares pursuant to Section 127 of the Act; or
 - (vii) an issue of future option to Selected Employees under these By-Laws.
- 15.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2 of Division 7 of Chapter III of the Act, By-Law 15.1 shall be applicable in respect of such parts of the scheme which involves any alterations in the capital structure of the Company to which By-Law 15.1 is applicable, provided that By-Law 15.1 shall not be applicable in respect of such parts of the scheme which involves any alterations in the capital structure of the Company to which By-Law 15.2 is applicable.
- 15.4 An adjustment pursuant to By-Law 15.1 shall be made at the following times:
- (i) in the case of a rights issue, bonus issue or other capitalisation issue on the Market Day immediately following the date of entitlement in respect of such issue; or
 - (ii) in the case of a consolidation or subdivision of Shares or capital reduction or any other variation of capital, on the Market Day immediately following the date of allotment of new shares of the Company in respect of such consolidation, subdivision or reduction.
- Upon any adjustment being made, the ESOS Committee shall within ten (10) Market Days from the adjustment date give notice in writing to the Grantee or his legal or personal representatives where the Grantee is deceased, of the adjustment and the event giving rise thereto.
- 15.5 In the event of a fraction of a Share arising from the adjustments referred to in this By-Law would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest whole number.
- 15.6 All adjustments, other than on a bonus issue, must be confirmed in writing by an approved company auditor of the Company or such other persons as allowed by Bursa Securities (who shall act as an expert and not as an arbitrator), to be in his opinion fair and reasonable. In addition, the Company shall, at the request of any Grantee, furnish such Grantee with a copy of the

certificate from an approved company auditor or such other persons as allowed by Bursa Securities to the effect that in the opinion of such auditor or persons, acting as an expert and not as an arbitrator, an adjustment is fair and reasonable, either generally or as regards such Grantee, and such certification shall be final and binding on all parties. For the purpose of this By-Law, an approved company auditor shall have the meaning given in Section 2(1) of the Act.

- 15.7 Notwithstanding the provisions referred to in this By-Law, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Option Price and/ or the number of Options be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Option Price and/or the number of Options notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.

16. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

- 16.1 Subject to the compliance with the Listing Requirements and any other relevant authorities, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletion of these By-Laws as it shall in its discretion think fit PROVIDED THAT no additions or amendments to or deletion of these By-Laws shall be made which will:

- (a) prejudice any rights of the Grantee of the Company which would have accrued to any Grantee without his prior consent; or
- (b) increase the number of Ancom Shares available under the Scheme beyond the maximum imposed by the Maximum Allowable Allocation; or
- (c) provide an advantage to any Grantee or group of Grantees or all Grantees,

unless shareholders' approval is obtained at a general meeting.

- 16.2 The Company shall be required to submit to Bursa Securities, each time a modification or change is made, a confirmation letter that the modification or change does not contravene any of the relevant provisions of the Listing Requirements on employee share options scheme and the rules of Bursa Depository no later than five (5) Market Days after the effective date of the said amendments.
- 16.3 The ESOS Committee shall within fifteen (15) Market Days of any modification and/or amendment made pursuant to this By-Law notify the Grantee in writing of any modification and/or amendment made pursuant to this By-Law.
- 16.4 Any amendments/modifications to the By-Laws shall not contravene any of the provisions of the guidelines on the ESOS as stipulated under the Listing Requirements and/or any other relevant regulatory authority in relation to the ESOS.

17. TAKEOVER AND COMPULSORY ACQUISITION AND SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION ETC.

17.1 In the event of a takeover offer being made for the Company by a general offer or otherwise and such offer becoming or being declared unconditional, notwithstanding By-Law 10.2, the Grantee shall also be entitled within three (3) months of the date on which such offer becomes or is declared unconditional or within such period to be determined by the ESOS Committee to exercise in full or in part of any Option as yet unexercised within the Option Period.

17.2 In the event a person making the offer becomes entitled or bound to exercise rights of compulsory acquisition of the Shares of the Company under the provisions of the Capital Markets and Services Act, 2007 and gives notice to the Grantee that it intends to exercise such rights on a specific date ("**Specific Date**"), the Option shall remain exercisable by the Grantee until the expiry of the Specific Date.

In the foregoing circumstance, if the Grantee fails to exercise his Option or elects to exercise only in respect of a portion of such Shares by the Specific Date, then the Option, or as the case may be, the Option in relation to such balance Shares, shall automatically lapse after the Specific Date and be null and void.

17.3 In the event that the High Court sanctions a compromise or arrangement between the Company and its members for the purposes of, or in connection with, a scheme for reconstruction of the Company or its amalgamation with any other company or companies under Section 370 of the Act, any Option shall remain exercisable by the Grantee at any time and from time to time during the period commencing with the date upon which the compromise or arrangement is sanctioned by the court and up to but excluding the date upon which such compromise or arrangement becomes effective.

Upon the aforesaid compromise or arrangement becoming effective, all Options, to the extent unexercised, shall automatically lapse and shall be null and void.

18. TERMINATION OF OPTIONS

18.1 In the event of cessation or termination of employment or appointment of a Grantee with the Group for whatever reason prior to the full exercise of an Option or part thereof, such Option or the balance thereof, as the case may be, shall cease immediately unless otherwise determined by the ESOS Committee in its sole and absolute discretion.

18.2 The ESOS Committee may in its absolute discretion, allow an Option to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if such cessation occurs by reason of:

- (i) his retirement at or after attaining normal retirement age under the Group's retirement policy;
- (ii) retirement before the normal retirement age (with the consent of the ESOS Committee);

- (iii) ill-health, injury or physical or mental disability;
 - (iv) redundancy or retrenchment, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the Group; or
 - (v) any other reasons which are acceptable to the ESOS Committee.
- 18.3 If a Grantee ceases his employment or appointment with an Eligible Company by reason of his resignation or for reasons other than those stated in By-Law 18.2, his remaining unexercised Options, shall cease with immediate effect on the date of such cessation. For the avoidance of any doubt, the date of termination of employment of the Grantee or tender by the Grantee of his resignation, shall be deemed to be the date on which a Grantee ceases his employment or appointment with such Eligible Company unless approval was given by the ESOS Committee to extend the Options for a predefined period of time or before the expiration of the Options whichever is earlier.
- 18.4 An Option shall immediately become void and of no further force and effect upon the Grantee being adjudicated a bankrupt.
- 18.5 (i) In the event where a Grantee dies before the expiration of the Option Period and at the time of his death holds unexercised Options, such Options shall cease immediately on the date of his death without any claim against the Company PROVIDED ALWAYS that subject to the written approval of the ESOS Committee in its absolute discretion, such unexercised Options may be exercised in full by the legal or personal representatives of the Grantee after the date of his death within the Option Period and not later than twenty-four (24) months after the date of his death.
- (ii) Notwithstanding By-Law 18.5(i), the Grantee may, during his lifetime, nominate any of his immediate family members who have attained the age of eighteen (18) years at the time of nomination to exercise the Option or Options (which are unexercised at the time of the death of the deceased Grantee) after the death of the deceased Grantee but in any event during the Option Period. The Options exercised pursuant to the provision of this By-Law 18.5(ii) may be for the benefit of the estate of the Grantee or for the personal benefit of the nominated person. The nomination as aforesaid shall be made by the Grantee during his lifetime and shall be in the prescribed form approved by the ESOS Committee and the Shares to be allotted and issued will be in the name of the deceased Grantee's estate or in the name of the nominated person as the Grantee shall elect in his lifetime. In the event no nomination is made by the Grantee during his lifetime, his unexercised Options shall only be exercised by his legal personal representatives pursuant to By-Law 18.5(i) above.
- (iii) For the purposes of By-Law 18.5(ii) above, the term "immediate family members" shall include the spouse, parent, child (including legally adopted child but excluding step child), brother and sister of the Grantee.

- 18.6 Any Options which have been offered by the ESOS Committee but have not been accepted in the manner prescribed in By-Law 7.1 arising from an Eligible Person's death or the cessation or termination of his employment with an Eligible Company, as the case may be, shall become null and void and of no further force and effect.

19. LIQUIDATION OF THE COMPANY

In the event of the liquidation of the Company, all unexercised or partially exercised Options shall cease and be null and void.

20. DURATION & TERMINATION OF THE SCHEME

- 20.1 The Scheme shall be in force for a period of five (5) years commencing from the Effective Date of the implementation of the Scheme ("**Initial Five Years**"), PROVIDED ALWAYS that on or before the expiry thereof, the ESOS Committee shall have the sole and absolute discretion, without the Company's shareholders' approval in general meeting, to extend in writing the duration of the Scheme (as many times as the ESOS Committee may deem fit) for up to another five (5) years immediately from the expiry of the Initial Five Years PROVIDED ALWAYS that the Scheme does not exceed a maximum period of ten (10) years in its entirety or such longer period as may be allowed by the relevant authorities.
- 20.2 In the event the Scheme is extended in accordance with this provision, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make necessary announcements to Bursa Securities prior to the proposed extension of the Scheme.
- 20.3 The Effective Date shall be the date of full compliance with the last of all the requirements as follows:
- (i) the submission to Bursa Securities of the final copy of the By-Laws together with a letter of compliance pursuant to Paragraph 6.42 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
 - (ii) receipt of approval-in-principle, for the listing of and quotation for the new Ancom Shares to be issued under the Scheme from Bursa Securities;
 - (iii) procurement of shareholders' approval for the Scheme;
 - (iv) receipt of approval of any other relevant authorities, where applicable; and
 - (v) fulfilment of all conditions attached to the above approvals, if any.
- 20.4 The Adviser of the Company will be required to submit a confirmation letter to Bursa Securities of full compliance of By-Law 20.3 and stating the Effective Date together with a certified true copy of the relevant resolution passed by the shareholders in general meeting. The submission of the confirmation letter must be made no later than five (5) Market Days after the Effective Date.

- 20.5 Offers can only be made during the Duration of the Scheme before the Date of Expiry.
- 20.6 Notwithstanding anything to the contrary, all unexercised Options shall lapse at 5.00pm on the Date of Expiry.
- 20.7 Subject to compliance with the requirements of Bursa Securities and any other relevant regulatory authorities, the Company may at any time before the Date of Expiry, at its sole discretion without obtaining the approvals or consents from the Grantees and/or the shareholders, terminate the continuation of this Scheme by way of passing a board resolution and no further Offers shall be made by the ESOS Committee.
- All Offers outstanding but not yet accepted by the Selected Employees at the date of the said board resolution shall automatically lapse or cease to have effect as at the date of the board resolution and the Options yet to be exercised shall automatically lapse or cease to have effect.
- 20.8 The Company shall immediately upon the termination of the Scheme before the Date of Expiry announce to Bursa Securities:-
- (a) the effective date of termination;
 - (b) the number of options exercised or shares vested; and
 - (c) the reasons for termination.
- 20.9 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.
- 20.10 Subject to the relevant approvals being obtained, the Company may implement a new employees' share option scheme after the expiration or termination of the Scheme pursuant to By-Law 20.8 herein, subject to the relevant approvals being obtained.

21. DISPUTES/DIFFERENCES

In the case of any dispute or difference that may arise between the ESOS Committee and Grantee as to any provisions contained in the By-Laws, the ESOS Committee shall determine such dispute or difference by a written decision given to the Eligible Person.

In the event the Grantee shall dispute the same by written notice to the ESOS Committee within fourteen (14) days of the receipt of the written decision, then such dispute or difference shall be referred to the Board, whose decision shall be final and binding in all respects, provided that any Director of the Company who is also in the ESOS Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws.

22. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to preparation and/or operation of the Scheme including but not limited to the fees, costs and expenses relating to the issuance and allotment of new Shares pursuant to the exercise of any Option shall be borne by the Company save and except for any taxes (including income tax) and stamp duty, if any, arising from the exercise of any Options under the Scheme.

23. TRANSFERS FROM OTHER COMPANIES TO ELIGIBLE COMPANIES

In the event:

- (i) an employee or an executive director who was employed in a company which is related to the Company pursuant to Section 7 of the Act, (that is to say, a company which does not fall within the definition of “the Group”) and is subsequently transferred from such company to an Eligible Company; or
- (ii) an employee or an executive director who was in the employment of a company which subsequently becomes an Eligible Company as a result of a restructuring or divestment exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in sub-clause (i) above:

(The first mentioned company in By-Laws 23.(i) and 23.(ii) above are hereinafter referred to as the “**Previous Company**”), such an executive director or employee of the Previous Company (the “**Affected Employee**” or “**Affected Executive Director**”) shall, if the Affected Employee or Affected Executive Director satisfies all the conditions of the By-Laws hereunder, be eligible to participate in the Scheme on the following conditions:

- (a) the Affected Employee or Affected Executive Director shall be entitled to continue to exercise all such unexercised options which were granted to him under the employees’ share option scheme (if any) in which he was participating (the “**Previous ESOS**”) whilst the Affected Employee or Affected Executive Director was in the employment of the Previous Company in accordance with the By-Laws of such Previous ESOS but he shall not, upon such restructuring or divestment as the case may be, be eligible to participate for further options of such Previous ESOS;
- (b) the Affected Employee or Affected Executive Director shall only be eligible to participate in the Scheme for its remaining duration thereof; and
- (c) if the Affected Employee or Affected Executive Director has participated in the Previous ESOS, the number of Shares to be offered to such Affected Employee Affected Executive Director under the Scheme shall be in the absolute discretion of the ESOS Committee.

24. DIVESTMENT FROM THE GROUP

If a Grantee who was in the employment of a company in the Group which was subsequently divested from the Group, then such Grantee:

- (a) will notwithstanding such divestment and subject to the provisions of By-Laws 10 and 18.3 be entitled to continue to exercise all such unexercised Options which were granted to him under the Scheme within a period of three (3) months from the date of such divestment and within the Option Period, failing which the right of such Employee or Executive Director to subscribe for the number of new Shares or any part thereof granted under such unexercised Options shall automatically lapse upon the expiration of the said three (3) month period and be null and void and of no further force and effect; and
- (b) shall not be eligible to participate for further Offers under the Scheme.

25. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme does not form part of or constitute and shall not in any way be construed as a term or condition of employment of an Eligible Person.

26. COMPENSATION

26.1 Notwithstanding any provisions of these By-Laws:

- (i) this Scheme shall not form part of any contract of employment between an Eligible Company of the Group and any Employee or Executive Directors of the Eligible Company or afford such Grantee any additional rights to compensation or damages in consequence of the termination of office or employment for any reason and the rights of any Grantee under the terms of his office and employment with the Eligible Company shall not be affected by his participation in the Scheme;
- (ii) this Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Option themselves) against the Eligible Company directly or indirectly or give rise to any cause of action at law or in equity against the Eligible Company or the Group; and
- (iii) a Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful or unfair dismissal or other breach of contracts or by way of compensation for loss of office.

26.2 No Grantee or his legal or personal representatives shall bring any claim, action or proceedings against the Company or the ESOS Committee or any party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Options or his Options ceasing to be valid pursuant to the provisions of these By-Laws as may be amended from time to time in accordance with By-Law 16 or termination of the Scheme in accordance with By-law 20.

27. ARTICLES OF ASSOCIATION OR CONSTITUTION OF THE COMPANY

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the Scheme and the Articles of Association or Constitution of the Company, the provisions of the Articles of Association or Constitution shall at all times prevail.

28. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

All Grantees are entitled to inspect, during normal office hours from 9.30 a.m. to 4.30 p.m., Mondays to Fridays (except all public holidays declared in Malaysia) or as otherwise specified by the ESOS Committee, the latest audited financial statements of the Company at the registered office of the Company for the time being.

29. SUBSEQUENT EMPLOYEE'S SHARE OPTION SCHEME

29.1 Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new ESOS after the Date of Expiry or upon termination of this Scheme. Where this Scheme has been renewed (subject to By-Law 20), the new ESOS may be established upon expiry of the renewed Scheme, if any.

29.2 The Company may establish more than one (1) Scheme provided always that the aggregate number of Shares available under the ESOS does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the Duration of the Scheme as provided by By-Law 20.1.

30. TAXES

All taxes (including income tax), if any, arising from the exercise of any Option under the Scheme shall be borne by the Grantee.

31. SEVERABILITY

Any term, condition, stipulation or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and provision herein contained.

32. GOVERNING LAW AND JURISDICTION

32.1 The Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Grantee, by accepting the Options in accordance with the By-Laws and terms of the Scheme, irrevocably submits to the exclusive jurisdiction of the courts of Malaysia.

32.2 In order to facilitate the making of any Offer under this Scheme, the Board may provide for such special terms to the Eligible Person(s) who are employed by or is an Executive Director of any corporation in the Group in a particular jurisdiction as the Board may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The Board may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Scheme as in effect for any other purpose, and the appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of this Scheme, as then in effect, unless this Scheme has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Person(s) pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.

33. NOTICE

33.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:-

- (a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his address, such notice shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is given by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; or
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the Grantee shall be communicated in writing to the Company and the ESOS Committee.

33.2 Any certificate, notification or other notice required to be given to the Company or the ESOS Committee shall be properly given if sent by registered post or delivered by hand to the Company at its business address at Lot 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor or any other address which may be notified in writing by the ESOS Committee from time to time.

33.3 Where any notice which the Company or the ESOS Committee is required to give, or may desire to give, in relation to the matter which may affect all the Eligible Employees or all the Grantee pursuant to the Scheme, the Company or the ESOS Committee may give such notice through an announcement to all employee of the Ancom Group to be made in such manner deemed appropriate by the ESOS Committee. Upon making such announcement, the notice to be made under By-Laws 33.1 shall be deemed to be sufficiently given, served or made to all affected Eligible Employee or Grantee.

34. DISCLOSURE IN ANNUAL REPORT

The Company will make such disclosures in its annual report for as long as the Scheme continues in operation from time to time as required by the Listing Requirements including (where applicable) a statement by the Audit Committee verifying that the allocation of Options pursuant to the Scheme is in compliance with the criteria for allocation disclosed by the Company to the Eligible Person(s).

[the rest of this page is intentionally left blank]

APPENDIX A**(By-Law 15 – Alteration of Share Capital and Adjustment)**

The Option Price and/or the number of Shares to be comprised in the Options in respect of the right to subscribe for new Shares so far as unexercised to which a Grantee may be entitled from time to time be adjusted, calculated or determined by the ESOS Committee and certified by the external auditor or such other persons allowed by Bursa Securities in accordance with the following relevant provisions in consultation with an adviser and/or the external auditor:

- (a) If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different value, the Option Price and/or the additional number of new Shares under the Options so far as unexercised (“**Additional Shares under Options**”) shall be adjusted, calculated or determined in the following manner:

$$\text{New Option Price} = \left[\frac{A}{B} \right] \times S$$

For consolidation of Shares

$$\text{New number of Shares under Options} = T \times \left[\frac{B}{A} \right]$$

For subdivision of Shares

$$\text{Additional Shares under Options} = T \times \left[\frac{B}{A} \right] - T$$

Where:

- A = the aggregate number of issued Shares immediately before such consolidation or subdivision or conversion;
- B = the aggregate number of issued Shares immediately after such consolidation or subdivision or conversion;
- S = Existing Option Price; and
- T = Existing number of Shares under the Options.

Each such adjustment will be effective from the close of business of the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities) or such other date as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make an issue of new Shares credited as fully paid-up, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable), the Option Price shall be adjusted by multiplying it by the following fraction:

$$\text{New Option Price} = S \times \left[\frac{A}{A + B} \right]$$

Whilst the Additional Shares under Options shall be calculated in the following manner:

$$\text{Additional Options Shares under} = T \times \left[\frac{(A + B)}{A} \right] - T$$

Where:

A = the aggregate number of issued Shares on the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments or other forms of distribution) immediately before such bonus issue or capitalisation issue;

B = the aggregate number of new Shares to be issued pursuant to any allotment to shareholders credited as fully paid by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable);

S = S as in paragraph (a) above; and

T = T as in paragraph (a) above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

(c) If and whenever the Company shall make:

(i) A Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unappropriated by available assets); or

(ii) Any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe Shares by way of rights; or

(iii) Any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares;

then and in any such case, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = S \times \left[\frac{(C - D)}{C} \right]$$

Where:

C = The Current Market Price (as defined in paragraph (h) below) of one (1) Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;

D = (A) In the case of an offer or invitation to acquire or subscribe for Shares under paragraph (c)(ii) above or for securities

convertible into Shares or securities with rights to acquire or subscribe for Shares under paragraph (c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or

- (B) In the case of any other transaction falling within this paragraph (c), the fair market value, as determined (with the concurrence of the external auditor of the Company) by an investment bank or universal broker, of that portion of the Capital Distribution attributable to one (1) Share.

S = S as in paragraph (a) above.

For the purpose of definition (A) of “D” above, the “value of rights attributable to one (1) Share” shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where:

C = C in this paragraph (c);

E = The subscription price of one (1) additional Share under the terms of such offer or invitation to acquire or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;

F = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into Shares or right to acquire or subscribe for Shares; and

1 = One (1) .

In the case of paragraphs (c)(ii) and (c)(iii) above, the Additional Shares under Options shall be calculated as follows:

$$\text{Additional Shares under Options} = T \times \left[\frac{(C)}{(C - D^*)} \right] - T$$

Where:

C = C in this paragraph (c);

D* = The “value of the rights attributable to one (1) Share” (as defined below); and

T = T as in paragraph (a) above.

For the purpose of D* above, the “value of the rights attributable to one (1) Share” shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:

- C = C in this paragraph (c);
- E* = The subscription price of one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for one (1) Share; and
- F* = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of this paragraph (c), “Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling within paragraph (b) above) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable). Any dividend charged or provided for in the accounts of any period or made shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders of the Company as shown in the audited consolidated statement of comprehensive income of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in paragraph (b) above and also makes any offer or invitation to its ordinary shareholders as provided in paragraph (c)(ii) or paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = S \times \left[\frac{[(G \times C)] + (H \times I)]}{(G + H + B) \times C} \right]$$

and where the Company makes any allotment to its ordinary shareholders as provided in paragraph (b) above and also makes any offer or invitation to its ordinary shareholders as provided in paragraph (c)(ii) or paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation,, the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares under Options} = T \times \left[\frac{[(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

- B = B in paragraph (b) above;
- C = C in paragraph (c) above;
- G = The aggregate number of issued Shares on the entitlement date;

- H = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares, as the case may be;
- H* = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = The subscription price of one (1) additional Share under an offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;
- I* = The subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;
- S = S as in paragraph (a) above; and
- T = T as in paragraph (a) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issues.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in paragraph (c)(ii) above together with an offer or invitation to acquire or subscribe securities convertible into shares or securities with rights to acquire or subscribe for Shares as provided in paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = S \times \left[\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C} \right]$$

and the Additional Shares under Options shall be calculated in the following manner:

$$\text{Additional Shares under Options} = T \times \left[\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

- C = C as in paragraph (c) above;
- G = G as in paragraph (d) above;
- H = H as in paragraph (d) above;
- H* = H* as in paragraph (d) above;
- I = I as in paragraph (d) above;
- I* = I* as in paragraph (d) above;

- J = The aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders;
- K = The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share;
- S = S as in paragraph (a) above; and
- T = T as in paragraph (a) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for above transaction.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in paragraph (b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in paragraph (c)(ii) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = S \times \left[\frac{[(G \times C) + (H \times I) + (J \times K)]}{(G + H + J + B) \times C} \right]$$

and the Additional Shares under Options shall be calculated in the following manner:

$$\text{Additional Shares under Options} = T \times \left[\frac{[(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

- B = B as in paragraph (b) above;
- C = C as in paragraph (c) above;
- G = G as in paragraph (d) above;
- H = H as in paragraph (d) above;
- H* = H* as in paragraph (d) above;
- I = I as in paragraph (d) above;
- I* = I* as in paragraph (d) above;
- J = J as in paragraph (e) above;
- K = K as in paragraph (e) above;
- S = S as in paragraph (a) above; and
- T = T as in paragraph (a) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders alike and requiring an adjustment under paragraphs (c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Shares or any securities convertible into shares or with rights to acquire or subscribe for Shares, and in any such case the Total Effective Consideration per Share (as defined below) is less than ninety per centum (90%) of the Average Price of a Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determine, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = S \times \frac{(L + M)}{L + N}$$

Where:

- L = The number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = The number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price of a Share (exclusive of expenses);
- N = The aggregate number of Shares which so issued or in the case of securities convertible into Shares or securities with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversation of such securities or the exercise in full of such rights; and
- S = S as in paragraph (a) above.

For the purposes of this paragraph (g) the “Total Effective Consideration” shall be determined by the directors of the Company with the concurrence of an external auditor and/or adviser and shall be:

- (aa) In the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (bb) In the case of the issue by the Company of securities wholly or partly convertible into new Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (cc) In the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commission, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of new Shares issued as aforesaid or, in the case of securities convertible into new Shares, by the maximum number of new Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of this paragraph (g), the Average Price of a Share shall be the average price of one (1) Share as derived from either the last transacted price or average transacted price for one (1) or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the next Market Day immediately following the date on which the Company determines the offering price of such Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the completion of the above transaction.

- (h) For the purpose of paragraphs (c), (d), (e) and (f), the "Current Market Price" in relation to one (1) Share for any relevant day shall be the either the last transacted price or average transacted price for the five (5) consecutive Market Days before such date or during such other period as many be determined in accordance with any guidelines issued, from time to time, by the Securities Commission and/or Bursa Securities.

The foregoing provisions on adjustment of the Option Price shall be subject to the following:

- (aaa) On any such adjustment the resultant Option Price shall be rounded down to the nearest one (1) sen and in no event shall any adjustment involve an increase in the Option Price or reduce the number of Shares comprised in the Option so far as unexercised to which the Grantee is already entitled to;
- (bbb) No adjustment shall be made to the Option Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of "would be less than one (1) sen" or the number of Shares comprised in the Option so far as unexercised is less than one (1) Share and any adjustment that would otherwise be required then to be made will not be carried forward;
- (ccc) If an event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (i) to (ii) of By-Law 15.1 (both inclusive) or if such event is capable of giving rise to more than one (1) adjustment, the adjustment shall be made in such manner as the directors of the Company and the external auditor of the Company may agree;
- (ddd) If for any reason an event giving rise to an adjustment to the Option Price and/or the number of Shares comprised in the Option so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the directors of the Company and the external auditor of the Company may agree; and
- (eee) In determining a Grantee's entitlements to subscribe for Shares, any fractional entitlements will be disregarded.

If an event that is not set out in the paragraphs (a) to (g) above occurs or if the application of any of the formulae to an event results in a manifest error, the ESOS Committee in its absolute discretion, may agree to an adjustment subject to the provision of By-Law 15.1 provided that the Grantees shall be notified of the adjustment through an announcement to all Grantees to be made in such manner deemed appropriate by the ESOS Committee.

[the rest of this page is intentionally left blank]

FURTHER INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. CONSENT

UOBKH, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

UOBKH has given their written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Adviser to Ancom for the Proposals.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, Ancom Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group.

5. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group:-

	RM'000
In respect of purchase of property, plant and equipment:-	
Contracted but not provided for	9,196
Approved but not contracted for	215
	<u>9,411</u>

6. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Ancom 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 (except public holidays) from the date of this Circular up to the time stipulated for the holding of the EGM:-

- i. Articles of Association of Ancom;
- ii. Audited consolidated financial statements of Ancom Group for the past 2 financial years up to the FYE 31 May 2017 and the FYE 31 May 2018;
- iii. The draft By-Laws as set out in **Appendix I** of this Circular; and
- iv. The letter of consent and declaration of conflict of interests referred to in **Sections 2 and 3** above, respectively.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--



ANCOM BERHAD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Ancom Berhad ("Ancom" or the "Company") will be held at 3.30 p.m. on Thursday, 18 October 2018 at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia, or immediately following the conclusion or adjournment of the 49th Annual General Meeting ("AGM") of the Company scheduled to be held at the same venue and on the same day at 2.30 p.m., whichever is later, for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED BONUS ISSUE OF UP TO 21,895,634 NEW ORDINARY SHARES IN ANCOM ("ANCOM SHARE(S)" OR "SHARE(S)") ("BONUS SHARE(S)") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF 1 BONUS SHARE FOR EVERY 10 EXISTING ANCOM SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED BONUS ISSUE")

"**THAT** subject to the approvals of all relevant authorities being obtained in respect of the listing of and quotation for up to 21,895,634 Bonus Shares on the Main Market of Bursa Malaysia Securities Berhad, the Board of Directors of Ancom ("Board") be and is hereby authorised to capitalise a total sum of up to RM21,895,634 entirely from the share premium account and shall there be a short fall in the share premium account, the remaining balance from the retained earnings account of the Company for the purposes of the Proposed Bonus Issue;

THAT the Board be and is hereby authorised to apply such capitalisation sum for the issuance of up to 21,895,634 Bonus Shares to be credited as fully paid-up and such new Bonus Shares be allotted on the basis of 1 Bonus Share for every 10 existing Ancom Shares to the shareholders of the Company whose names appear in the Record of Depositors as at the close of business on an entitlement date to be determined and announced later by the Board;

THAT the Board be and is hereby authorised to deal with fractional entitlements (if any), including disregarding any fractional entitlements, under the Proposed Bonus Issue, in such manner at its absolute discretion as the Board may deem fit and expedient and in the best interest of the Company;

THAT the Bonus Shares will, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date of such dividends, rights, allotments and/ or any other forms of distribution precedes the relevant date of allotment and issuance of the Bonus Shares;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the Proposed Bonus Issue with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue."

ORDINARY RESOLUTION 2

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF ANCOM AT ANY POINT IN TIME ("PROPOSED ESOS")

"**THAT**, subject to and conditional upon the approvals of all relevant authorities, the Board be and is hereby authorised to establish, implement and administer an ESOS for the benefit of eligible employees and Executive Directors of Ancom and its non-listed subsidiary companies, which are not dormant, who meet the criteria of eligibility for participation in the Proposed ESOS ("Eligible Person(s)") under which options will be granted to the Eligible Persons to subscribe for new Ancom Shares in accordance with the draft by-laws of the Proposed ESOS ("By-Laws") as set out in Appendix I of the Circular, and to adopt and approve the By-Laws;

THAT, the Board be and is hereby authorised to issue and allot from time to time such number of new Ancom Shares as may be required pursuant to the exercise of the options under the Proposed ESOS ("ESOS Option(s)") provided that the aggregate number of new Ancom Shares to be issued and allotted and/ or transferred shall not exceed 10% of the total number of issued shares of Ancom at any point in time throughout the duration of the Proposed ESOS and that such new Ancom Shares arising from the exercise of the ESOS Options shall, upon issuance and allotment, rank *pari passu* in all respects with the existing issued Ancom Shares, except that the new Ancom Shares will not be entitled to any dividends, rights, allotment and/ or any other forms of distribution ("Distribution") that may be declared, made or paid to shareholders, for which the entitlement date for the Distribution precedes the date of which the new Ancom Shares are credited into the Central Depository System account with Bursa Malaysia Depository Sdn Bhd of the Eligible Persons who have accepted the offer, and such new Ancom Shares will be subject to the Constitution (currently referred to as the Articles of Association) of the Company relating to transfer, transmission and otherwise of Ancom Shares;

THAT, the Board be and is hereby authorised to amend and/ or modify the Proposed ESOS from time to time as may be required/ permitted by the authorities or deemed to be necessary by the Board provided that such amendments and/ or modifications are effected in accordance with the provisions in the By-Laws relating to amendments and/ or modifications and to take all such acts and steps and to enter into such transactions, agreements, arrangements, undertakings, indemnities, transfers, assignments, deeds and/ or guarantees with any party or parties, to deliver and/ or cause to be delivered all such documents and to make such rules or regulations, or impose such terms and conditions or delegate part of its powers as may be necessary or expedient to implement, finalise and to give full effect to the Proposed ESOS."

ORDINARY RESOLUTION 3

PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' SIEW KA WEI

"**THAT**, subject to the passing of Ordinary Resolution 2 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board to offer and if such offer is accepted, to grant at any time and from time to time to Dato' Siew Ka Wei, the Executive Chairman of the Company, ESOS Options to subscribe for such number of new Ancom Shares under the Proposed ESOS provided that not more than 10 per centum of the new Ancom Shares available under the Proposed ESOS shall be allocated to Dato' Siew Ka Wei, who, either singly or collectively through persons connected with him, holds 20 per centum or more of the total number of issued shares of the Company;

AND THAT the Proposed Allocation of ESOS Options to Dato' Siew Ka Wei shall be subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/ or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 4

PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' AHMAD JOHARI BIN ABDUL RAZAK

"**THAT**, subject to the passing of Ordinary Resolution 2 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board to offer and if such offer is accepted, to grant at any time and from time to time to Dato' Ahmad Johari Bin Abdul Razak, the Executive Director of the Company, ESOS Options to subscribe for such number of new Ancom Shares under the Proposed ESOS provided that not more than 10 per centum of the new Ancom Shares of the Company available under the Proposed ESOS shall be allocated to Dato' Ahmad Johari Bin Abdul Razak, who, either singly or collectively through persons connected with him, holds 20 per centum or more of the total number of issued shares of the Company;

AND THAT the Proposed Allocation of ESOS Options to Dato' Ahmad Johari Bin Abdul Razak shall be subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/ or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 5

PROPOSED ALLOCATION OF ESOS OPTIONS TO LEE CHEUN WEI

"**THAT**, subject to the passing of Ordinary Resolution 2 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board to offer and if such offer is accepted, to grant at any time and from time to time to Lee Cheun Wei, the Chief Executive Officer of the Company, ESOS Options to subscribe for such number of new Ancom Shares under the Proposed ESOS provided that not more than 10 per centum of the new Ancom Shares of the Company available under the Proposed ESOS shall be allocated to Lee Cheun Wei, who, either singly or collectively through persons connected with him, holds 20 per centum or more of the total number of issued shares of the Company;

AND THAT the Proposed Allocation of ESOS Options to Lee Cheun Wei shall be subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/ or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 6

PROPOSED ALLOCATION OF ESOS OPTIONS TO SIEW KA KHEONG

"**THAT**, subject to the passing of Ordinary Resolution 2 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board to offer and if such offer is accepted, to grant at any time and from time to time to Siew Ka Kheong, the Executive Chairman of a subsidiary of Ancom (i.e. IEnterprise Online Sdn Bhd), who is also the brother of Dato' Siew Ka Wei, the Executive Chairman of Ancom, ESOS Options to subscribe for such number of new Ancom Shares under the Proposed ESOS provided that not more than 10 per centum of the new Ancom Shares of the Company available under the Proposed ESOS shall be allocated to Siew Ka Kheong, who, either singly or collectively through persons connected with him, holds 20 per centum or more of the total number of issued shares of the Company;

AND THAT the Proposed Allocation of ESOS Options to Siew Ka Kheong shall be subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/ or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

By Order of the Board

CHOO SE ENG (MIA 5876)
WONG WAI FOONG (MAICSA 7001358)
Company Secretaries

Petaling Jaya
26 September 2018

Notes:

1. *A member entitled to attend and vote at the meeting may appoint up to two (2) proxies to attend, speak and vote for him. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.*
2. *Where a member of the Company is an authorised nominee, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.*
5. *If the appointor is a corporation, the instrument appointing a proxy must be executed under its common seal or under the hand of its attorney.*
6. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 11 October 2018 (General Meeting Records of Depositories) shall be eligible to attend, speak and vote or appoint proxy to attend, speak and vote on his behalf at the meeting.*
7. *The instrument appointing a proxy shall be deposited at the Company's 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 less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.*

**ANCOM BERHAD**

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

FORM OF PROXY

CDS A/C. No.	No. of shares held

I/We NRIC No.
(Full Name in Block Letters)

of
(Full Address)

being (a) member(s) of ANCOM BERHAD, hereby appoint

Full Name in Block Letters		Proportion of Shareholdings %
NRIC No.		
Full Address		
Full Name in Block Letters		Proportion of Shareholdings %
NRIC No.		
Full Address		
		100 %

or failing *him / her, the Chairman of the Meeting as *my / our *proxy / proxies to attend and to vote for *me / us on *my / our behalf at the Extraordinary General Meeting of the Company to be held at 3.30 p.m., on Thursday, 18 October 2018 or immediately following the conclusion or adjournment of the 49th Annual General Meeting ("AGM") of the Company scheduled to be held at the same venue and on the same day at 2.30 p.m., whichever is later, at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia and at any adjournment thereof and to vote as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Proposed Bonus Issue		
2.	Proposed ESOS		
3.	Proposed allocation of ESOS Options to Dato' Siew Ka Wei		
4.	Proposed allocation of ESOS Options to Dato' Ahmad Johari Bin Abdul Razak		
5.	Proposed allocation of ESOS Options to Lee Cheun Wei		
6.	Proposed allocation of ESOS Options to Siew Ka Kheong		

(Please indicate with an "X" on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

[*Delete if not applicable]

Dated this day of 2018

Telephone no. during office hours:

[Signature / Common Seal of shareholder(s)]



Notes:

1. *A member entitled to attend and vote at the meeting may appoint up to two (2) proxies to attend, speak and vote for him. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.*
2. *Where a member of the Company is an authorised nominee, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.*
5. *If the appointor is a corporation, the instrument appointing a proxy must be executed under its common seal or under the hand of its attorney.*
6. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 11 October 2018 (General Meeting Records of Depositories) shall be eligible to attend, speak and vote or appoint proxy to attend, speak and vote on his behalf at the meeting.*
7. *The instrument appointing a proxy shall be deposited at the Company's 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 less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

ANCOM BERHAD (Company No. 8440-M)

The Share Registrar:
Tricor Investor & Issuing House Services Sdn. Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

1st fold here
