

**ANCOM BERHAD (“ANCOM” or “COMPANY”):-**  
**Shareholders Agreement in respect of Genovasi Malaysia Sdn Bhd**

**1. INTRODUCTION**

Ancom Berhad (“Ancom” or “Company”) wishes to announce that it has entered into a Shareholders Agreement (“Shareholders Agreement”) with Genovasi Foundation (“Foundation”), Datuk Hasnul bin Hassan (“Datuk”) and Genovasi Malaysia Sdn. Bhd (“GMSB”) on 01 February 2016 wherein the parties herein covenanted with each other on their conducts as shareholders of GMSB (“Transaction”).

**2. INFORMATION ON GMSB**

GMSB is a company incorporated in Malaysia under the Companies Act 1965. It is currently running the IAD Programme on behalf of the Foundation. The Foundation is a company limited by guarantee and incorporated in Malaysia for the purpose of, inter alia, promotion of education in Malaysia. The IAD Programme is a training programme for the development of innovation ambassadors, design-thinking programme and other spin-offs, ancillary or related programme in connection with it.

The Foundation is desirous of setting-up a university college in Malaysia to be called “Genovasi University College” or such other name that may be approved by the relevant authorities (“University”). GMSB submitted the Genovasi University College Establishment Proposal (“Proposal”) to the Ministry of Education (“MOE”) for its approval to establish the University and the Proposal has been approved by the MOE on 11 February 2015. The University will be operated under GMSB.

On the invitation of the Foundation, Ancom and Datuk have agreed to be shareholders of GMSB together with the Foundation for purposes of establishing and managing the University under GMSB.

GMSB has an authorized share capital of RM25,000,000 consisting of 14,500,000 ordinary shares of RM1 each and 10,500,000 Redeemable Convertible Preference Shares (“RCPS”) of RM1 each. Its issued and paid share capital are RM15,000,000 divided into 4,500,000 ordinary shares of RM1 each and 10,500,000 RCPS of RM1 each held by the following parties:

- (a) Ancom holds 9,000,000 RCPS;
- (b) Datuk holds 3,000,000 ordinary shares of RM1 each and 1,500,000 RCPS; and
- (c) The Foundation holds 1,500,000 ordinary shares of RM1 each.

For the financial year ended 31 December 2014, GMSB recorded a profit after tax of RM2.9 million.

The subscription of the RCPS by Ancom was financed by internally generated funds of the Ancom Group.

### **3. SALIENT FEATURES OF THE SHAREHOLDERS AGREEMENT**

The primary object of GMSB is to carry out the business of establishment and management of the University which includes running various programmes to be offered by the University, and the IAD Programme.

It is the intention of the parties herein that within 14 days from signing the Shareholders Agreement, the parties will convert their respective RCPS into an equivalent number of ordinary shares of RM1 each in GMSB. Upon the full conversion of the RCPS, Ancom will hold 9,000,000 ordinary shares of RM1 each or 60% equity in GMSB; Datuk will hold 4,500,000 ordinary shares of RM1 each or 30% equity in GMSB while the Foundation will hold 1,500,000 ordinary shares or 10% equity in GMSB.

### **4. RISKS FACTORS**

To set up a university with adequate facilities and infrastructure requires substantial financial resources. There is an inherent risk that GMSB may not be able to secure adequate financial resources to set up the university with adequate facilities and infrastructure.

The operation of a university is also subject to various other risks such as lack of financing to fund the day to day operation of the university, withdrawal of license due to breach of rules and regulations set by the MOE, lack of student intake and/or performance of its students, shortage of teaching staff and/or lack of commitment of its teaching staff, amongst others.

### **5. EFFECTS OF THE TRANSACTION**

#### Share capital and shareholding structure

The Transaction will have no impact on the share capital and shareholding structure of Ancom.

Ancom will hold 60% equity interest directly in GMSB after the Transaction making GMSB a subsidiary of the Company.

#### Earnings

The Transaction is expected to complete in the 3<sup>rd</sup> quarter of the financial year ending 31 May 2016. It will not have any material effects on the earnings to the Ancom Group for the financial year ending 31 May 2016 and but it is expected to contribute to the earnings of the Ancom Group for financial years ending after 31 May 2016.

#### Net tangible assets ("NTA")

There will be no material change in the Group's NTA per share after the Transaction.

### **6. RATIONALE OF THE TRANSACTION**

Ancom is an investment holding company with subsidiaries involving in industrial and agricultural chemicals, polymer, media and logistics. The Transaction is aimed at diversifying the Ancom Group's business to include education. This is expected to have a positive effect on the Ancom Group's future earnings.

**7. PERCENTAGE RATIO**

The highest percentage ratio applicable to the Transaction under Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 3.52%.

**8. APPROVALS REQUIRED**

The Transaction is not subject to the approval of the shareholders of Ancom or any regulatory authorities.

**9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

None of the Directors or substantial shareholders of Ancom or persons connected to them is interested, directly or indirectly, in the Transaction.

**10. DIRECTORS' OPINION**

The Directors of Ancom are of the opinion that the Transaction is in the best interest of the Company and not to the detriment of the shareholders of the Company.

This announcement is dated 02 February 2016.