

1. INTRODUCTION

Ancom Berhad (“Ancom” or the “Company”) wishes to announce that its wholly-owned subsidiary, Redberry Sdn. Bhd. (“Redberry”) had, on 29 June 2017, entered into a Share Sale Purchase Agreement (“Agreement”) with Newsmakers Productions Sdn. Bhd. (“Newsmakers”) for disposal of 2,375,000 ordinary shares (“Sale Shares”), representing 95% of the issued and paid-up share capital, in Unreserved Sdn. Bhd. (“Unreserved”) for a total cash consideration of RM50,000 (“Sale Consideration”) (“Proposed Disposal”).

Upon completion of the Proposed Disposal, Unreserved shall cease to be a subsidiary of Redberry, which in turn a subsidiary of Ancom.

2. INFORMATION OF NEWSMAKERS AND UNRESERVED

(a) Information on Newsmakers

Newsmakers is a company incorporated under the laws of Malaysia.

The issued and paid-up share capital of Newsmakers is RM1,000,000 comprising 1,000,000 shares.

Newsmakers is principally involved in content creation and production.

(b) Information on Unreserved

Unreserved is a company incorporated under the laws of Malaysia.

The issued and paid-up share capital of Unreserved is RM2,500,000 comprising 2,500,000 ordinary shares.

The principal activities of Unreserved are magazines publication and advertising.

3. SALIENT TERMS OF THE AGREEMENT

The salient terms of the Agreement are as follows:-

- (a) The Sale Shares are subject to the fulfilment of the following conditions precedent, where Redberry shall procure that:-
- (i) Unreserved shall have obtained the relevant publication licence issued by the authority as the registered licence holder;
 - (ii) Unreserved to obtain the prior written approval of the authority for change in shareholding and directors of Unreserved; and
 - (iii) Unreserved to notify the authority on the Proposed Disposal which will result in the changes to the shareholdings of Unreserved.
- (b) The Sale Consideration shall be payable by Newsmakers to Redberry by the last day of the period of three (3) months from the date of the Agreement.
- (c) Subject to the fulfilment of the conditions precedents and the payment of the Sale Consideration as per the terms stated in the Agreement, the completion of the sale and purchase of the Sale Shares shall take place no later than fourteen (14) (business) days from the date of the last conditions precedent as mentioned in item 3(a) above have been fulfilled or waived; or the date of payment of the Sale Consideration (“Completion Date”).

- (d) Redberry shall have an option to sell to Newsmakers the remaining shares, comprising 125,000 ordinary shares, representing 5% of the total issued capital of Unreserved for a sum of RM120,000 commencing thirty-six (36) months from the Completion Date.
- (e) Newsmakers shall have an option to purchase the remaining shares, comprising 125,000 ordinary shares, representing 5% of the total issued capital of Unreserved for a sum of RM120,000 commencing thirty-six (36) months from the Completion Date.

4. BASIS OF DETERMINING THE SALE CONSIDERATION

The accumulated losses of Unreserved was RM7,125,886 as per the audited financial statements for the financial year ended 31 May 2016. Having considered the continued losses at Unreserved, Redberry has decided not to incur further losses and to dispose of Unreserved at a nominal value of RM50,000 for the publishing rights of Unreserved.

5. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

Ancom Group has decided not to continue with the business of magazines publication, which is to streamline with the Group's operations and focus on the core business of the Group.

6. FINANCIAL EFFECTS

(a) Share Capital

The Proposed Disposal will not have any effect on the issued and paid-up share capital of the Company as it does not involve the issuance of the Company's shares.

(b) Earnings and Net Assets

The Proposed Disposal will not have any material effect on the earnings and net assets of the Company for the financial year ending 31 May 2017.

(c) Substantial Shareholders' Shareholdings

The Proposed Disposal will not have any effect on the shareholdings of the substantial shareholders of the Company and will not result in a change in the controlling or dominant shareholder of the Company.

7. ESTIMATED TIMEFRAME FOR COMPLETION DATE

The Proposed Disposal is expected to be completed within three (3) months from the date of the Agreement.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the directors and/or major shareholders of the Company or persons connected to them have any interest, direct or indirect, in the Proposed Disposal.

9. DIRECTORS' STATEMENT

The Board, having considered all the relevant factors in respect of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Company.

10. APPROVALS REQUIRED

The Proposed Disposal is not subject to the approval of the shareholders of the Company or any other regulatory authorities.

11. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE TRANSACTIONS PURSUANT TO PARAGRAPH 10.02(g) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

The highest percentage ratio applicable to the Proposed Disposal is approximately 0.21% based on the audited consolidated financial statements of Ancom as at 31 May 2016.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection at the registered office of Unit 30-1, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, during office hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 29 June 2017.