



**MINORITY SHAREHOLDERS WATCH GROUP**  
*Shareholder Activism and Protection of Minority Interest*

13 October 2020

**BY FAX/HAND**

(Fax No: 6 (03) 7804 1316)

The Board of Directors  
**Ancom Logistics Berhad**  
Unit C508, Block C, Kelana Square,  
Jalan SS7/26, Kelana Jaya,  
47301 Petaling Jaya,  
Selangor Darul Ehsan

**Attention: Choo Se Eng/ Stephen Geh Sim Whye**  
**Company Secretaries**

Dear Directors,

**Re: 54<sup>th</sup> Annual General Meeting (AGM) of Ancom Logistics Berhad ("ALB" or "the Company") to be held on Wednesday, 21 October 2020**

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In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following questions: -

**Strategy & Financial Matters**

1. ALB's wholly-owned subsidiary, Pengangkutan Cogent Sdn. Bhd. ("PCSB") showed improvements with the truck replacements program, mostly to address the ageing trucks issues. The fleet size rationalisation progressed according to plan and coupled with the setting up of in-house workshop, the Company improved in operational efficiencies (page 11 of Annual Report 2020 ("AR2020")).
  - (a) Since the commencement of the truck replacement program, to-date how many trucks have been replaced? How many more trucks needs to be replaced?
  - (b) What is the timeframe to complete the fleet size rationalization plan?
  - (c) How and to what extent has Covid-19 pandemic affected the Company's truck replacement program?
2. Based on the Statements of Cash Flows, advances to holding company increased significantly to RM1.25 million (2019: RM0.04 million) (page 54 of AR2020)

What is the reason for the huge increase in advances to holding company?



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3. The Group's Other Investments comprise unit trusts amounting to RM2.65 million (2019: RM2.16 million) (Note 10, page 71 of AR2020).

How does the Board manage the risk associated with investing in unit trusts?  
Does the Board have an investment policy for unit trusts?

4. Capital commitments (contracted but not provided for and approved but not contracted for) increased significantly to RM16.24 million (2019: RM0.15 million) (Note 24(a), page 84 of AR2020)

What are these capital commitments mainly related to?

5. On 1 September 2020, ALB entered into an Offer to Purchase Agreement ("OTP") with S7 Holdings Sdn Bhd ("S7") whereby S7 agreed to deal exclusively with ALB for the sale of 901,321,377 ordinary shares (the "Sale Shares") representing 76.38% of the entire issued and paid-up share capital of S5 Holdings Inc. ("S5"). ALB placed a refundable deposit of RM10,000,000 ("Refundable Deposit") with S7 on execution of the OTP (Bursa announcement dated 1 September 2020).

- (a) What was the basis and justification to arrive at the RM10 million refundable deposit?
- (b) Is the Refundable Deposit being placed in an escrow account? If not, why?
- (c) How was the Refundable Deposit funded?
- (d) With the placement of RM10 million as a deposit, does the Group have sufficient cashflow for its operations?



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**Corporate Governance (“CG”) Matters**

1. Practice 10.2 - The board should disclose the name and qualification of the person responsible for internal audit.

It was stated in the Corporate Governance Report and the AR2020 that the Group has outsourced its internal audit function to a firm of independent consultants, but there is no mention of the name of the firm.

Please name the firm that ALB's internal audit function was outsourced to.

2. Practice 4.2 of Malaysian Code of Corporate Governance (“MCCG”) states that two tier voting should be adopted for the re-election of independent directors (as independent directors) if their tenure has exceeded 12 years.

The Board has decided not to adopt the 2-tier voting process to retain Independent Directors who have served for a cumulative period of more than 12 years. The Board will seek shareholders' approval, without the 2-tier voting process, to retain both Lim Hock Chye and Safrizal Bin Mohd Said, to continue to serve as independent Directors of the Company.

2-tier voting for the 2 Independent Directors whose tenure has exceeded 12 years should be adopted as per the MCCG.

Please present the questions raised above and your responses at the AGM. In the meantime, we also request a written response to us as soon as possible for our reference.

Yours faithfully,

**DEVANESAN EVANSON**  
Chief Executive Officer  
DE/ECYL/ALB/AGM 2020