

# Circular/Notice to Shareholders

## ADVANCECON HOLDINGS BERHAD

**Subject** STATEMENT TO SHAREHOLDERS IN RELATION TO THE  
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO  
PURCHASE ITS OWN ORDINARY SHARES

Please refer attachment below.

**Attachments**

[Advancecon - Share Buy-Back Statement to Shareholders.pdf](#)  
776.3 kB

Announcement Info	
Company Name	ADVANCECON HOLDINGS BERHAD
Stock Name	ADVCON
Date Announced	27 Apr 2021
Category	Document Submission
Reference Number	DCS-27042021-00062

**THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused the contents of this Circular prior to its issuance as such contents are exempt from perusal pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Statement, 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 therein.



**ADVANCECON HOLDINGS BERHAD**

(Registration No. 199701011469 (426965-M))

(Incorporated in Malaysia)

**STATEMENT TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS  
OWN ORDINARY SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK  
AUTHORITY”)**

Notice of the Twenty-Fourth Annual General Meeting (“24<sup>th</sup> AGM”) which will be held at Greens III (Sports Wing), Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 17 June 2021 at 10.00 a.m. together with the Proxy Form are enclosed in the Annual Report 2020 (as defined herein), which has been despatched together with this Statement.

A member entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend, participate, speak and to vote on his behalf. In such event, the Proxy Form should be lodged at the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor at least forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last day and time for lodging the Proxy Form : Tuesday, 15 June 2021 at 10.00 a.m.

Date and time of 24<sup>th</sup> AGM : Thursday, 17 June 2021 at 10.00 a.m.

This Statement is dated 27 April 2021

---

## DEFINITIONS

---

For the purposes of this Statement, except where the context otherwise requires, the following definitions shall apply:

“Act”	: The Companies Act 2016, as may be amended from time to time and any re-enactment thereof
“Advancecon” or “the Company”	: Advancecon Holdings Berhad
“Advancecon Group” or “the Group”	: Advancecon and its subsidiary companies, collectively
“Advancecon Share(s)” or “Share(s)”	: Ordinary share(s) in Advancecon
“AGM”	: Annual General Meeting
“Annual Report 2020”	: Annual Report of Advancecon issued for the financial year ended 31 December 2020
“Board”	: The Board of Directors of Advancecon
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“CDS”	: Central Depository System
“Code”	: Malaysian Code on Take-Overs and Mergers 2016 and any amendments made thereto from time to time
“Constitution”	: Constitution of Advancecon, as amended from time to time
“Director”	: Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of Advancecon or any other company which is a subsidiary of Advancecon or a holding of Advancecon
“EPS”	: Earnings per Share
“Listing Requirements”	: Bursa Securities Main Market Listing Requirements and any Practice Notes issued in relation thereto, including any amendments that may be made from time to time
“LPD”	: 09 April 2021, being the latest practicable date prior to the printing of this Statement

---

**DEFINITIONS (CONT'D)**

---

“Major Shareholder”	: A person who has an interest(s) in voting share(s) in the Company and the number or aggregate number of those shares is:-  (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company;  and shall include any person who is or was within the preceding six (6) months of the date on which the terms of the transaction was agreed upon, a major shareholder of Advancecon, its subsidiary or holding company  “Interest” shall have the meaning of “interest in shares” given in Section 8 of the Act
“Market Day”	: Means a day on which the stock market of the Exchange is open for trading in securities
“Minister”	: Minister charged with the responsibility for companies, currently the Minister of Domestic Trade, Co-operatives and Consumerism, Malaysia
“NA”	: Net Assets
“Proposed Renewal of Share Buy-Back Authority”	: Proposed renewal of authority to purchase of the Company’s own shares representing up to 10% of the total number of issued shares of the Company
“Purchased Shares”	: Shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“Rules on Take-Overs”	: Rules on Take-Overs, Mergers and Compulsory Acquisitions, 2016 as amended from time to time and any re-enactment thereof
“SC”	: Securities Commission Malaysia
“Statement”	: This share buy-back statement dated 27 April 2021 in relation to the Proposed Renewal of Share Buy-Back Authority
“Substantial Shareholder(s)”	: A person who has an interest or interests in one or more voting shares in the Company and the number or the aggregate number of such shares is not less than 5% of the total number of all the voting shares in the Company

---

**DEFINITIONS (CONT'D)**

---

“Treasury Share(s)” : The Shares purchased by the Company which are or will be retained in treasury and shall have the meaning given under Section 127 of the Act

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

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or reenacted. Any reference to a time of a day in this Statement shall be a reference to Malaysian time, unless otherwise stated.

---

**TABLE OF CONTENTS**

---

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

	<b>PAGE</b>
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY	1
3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY	4
4. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY	5
5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS	7
6. PUBLIC SHAREHOLDING SPREAD	9
7. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY	9
8. PURCHASE OF SHARES AND RESALE OF TREASURY SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS	10
9. HISTORICAL SHARE PRICES	10
10. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY RELATING TO THE CODE	11
11. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	11
12. DIRECTORS' RESPONSIBILITY STATEMENT	11
13. DIRECTORS' RECOMMENDATION	12
14. FURTHER INFORMATION	12



## **ADVANCECON HOLDINGS BERHAD**

(Registration No. 199701011469 (426965-M))

(Incorporated in Malaysia)

---

### **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

---

#### **1. INTRODUCTION**

At the Twenty-Third (23<sup>rd</sup>) AGM of Advancecon held on 30 July 2020, the Company had obtained its shareholders' approval for the authority to purchase its own shares of up to ten percent (10%) of the total number of issued shares of our Company. The aforesaid shareholders' approval shall in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 24<sup>th</sup> AGM unless such authority is renewed by an ordinary resolution to be passed by the shareholders at the forthcoming 24<sup>th</sup> AGM.

On 22 April 2021, Advancecon had announced that the Company is proposing to seek approval from its shareholders for the Proposed Renewal of Share Buy-Back Authority at the 24<sup>th</sup> AGM of the Company.

The purpose of this Statement is to provide you with the details of the Proposed Renewal of Share Buy-Back Authority, together with the Board's recommendation and to seek your approval for the Proposed Renewal of Share Buy-Back Authority to be tabled as a Special Business at our forthcoming 24<sup>th</sup> AGM. The Notice of the 24<sup>th</sup> AGM and the Proxy Form are enclosed in the Company's Annual Report 2020.

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY TO BE TABLED AS A SPECIAL BUSINESS AT THE FORTHCOMING 24<sup>TH</sup> AGM.**

#### **2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Proposed Renewal of Share Buy-Back Authority, if granted, will provide the Company with the renewed authority to purchase up to ten percent (10%) of the total number of issued shares of the Company at the point of purchase through the Company's appointed stockbroker(s) as approved by Bursa Securities. The purchases pursuant to the Proposed Renewal of Share Buy-Back Authority will be effected on Bursa Securities subject to compliance with Section 127 of the Act, the Listing Requirements and the prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.

The actual number of Advancecon Shares to be purchased and the timing of such purchase will depend on (among others) the prevailing equity market conditions and sentiments of the stock market as well as the balances in retained profits, and the financial resources available to the Company at the time of the purchase(s).

The Proposed Renewal of Share Buy-Back Authority, if approved, shall be effective upon the passing of the resolution at the forthcoming 24<sup>th</sup> AGM of Advancecon until:

- (a) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by ordinary resolution passed at that AGM, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any other relevant authorities.

For illustrative purposes, as at LPD, the total number of issued shares of the Company stood at 415,813,000 Shares. Assuming that (i) no further Shares are issued; and (ii) no options or Shares are granted to any eligible executives of the Group under the ESOS as at the LPD, the maximum number of Shares that can be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority is 41,581,300 Shares.

For the avoidance of doubt, for illustrative purposes throughout this Statement including the proforma effects as disclosed in Section 4 below, we have not taken into account:

- (i) any grant of options or Shares to the eligible employees and/or Directors of the Group after the LPD;
- (ii) any purchase of Shares by Advancecon pursuant to the share buy-back authority approved by shareholders at 24<sup>th</sup> AGM, after the LPD; and
- (iii) any issuance of additional Shares pursuant to Sections 75 and 76 of the Act after the LPD.

Pursuant to Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own shares at a price which is not more than fifteen per centum (15%) above the weighted average market price of the shares for the past five (5) market days immediately preceding the date of purchase.

## **2.1 Status and Treatment of Treasury Shares**

Pursuant to the provisions of Section 127(7) of the Act, the Board may, at its discretion, deal with the Purchased Shares in the following manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force:

- (i) cancel all or part of the Purchased Shares; and/or
- (ii) retain the Purchased Shares as Treasury Shares; and/or
- (iii) retain part of the Purchased Shares as Treasury Shares and cancel the remainder; and/or
- (iv) distribute the Treasury Shares as share dividends to shareholders of the Company; and/or



- (v) resell the Treasury Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and/or
- (vi) transfer the Treasury Shares for the purposes of or under an employees' share scheme established by the Company; and/or
- (vii) transfer the Treasury Shares as purchase consideration; and/or
- (viii) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister may by order prescribe,

or in any other manner as may be prescribed by the Act, the applicable laws, regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the Purchased Shares shall continue to be valid until all the Purchased Shares have been dealt with by the Directors.

The decision whether to retain the Purchased Shares as Treasury Shares, or to cancel the Purchased Shares or a combination of both, will be made by the Board at the appropriate time.

In the event the Company ceases to hold all or part of the Purchased Shares as a result of the above, the Company may further purchase such additional number of Shares provided that the total Purchased Shares (including Shares held as Treasury Shares) does not exceed ten percent (10%) of the total number of issued shares of the Company at the time of such purchase(s).

While the Purchased Shares are held as Treasury Shares, the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the Treasury Shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including the determination of substantial shareholding, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the results of a vote on a resolution at a general meeting.

## **2.2 Source of Funds**

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Renewal of Share Buy-Back Authority must be made wholly out of the retained profits of the Company.

Therefore, the Board proposes that the maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company. Based on the audited financial statements for the year ended 31 December 2020, the Company has a retained profit of RM6,006,129.00

The Proposed Renewal of Share Buy-Back Authority, if implemented, is expected to be financed by internally generated funds and/or bank borrowings. In the event the Company decides to utilise bank borrowings to finance the Proposed Renewal of Share Buy-Back Authority, the Board will ensure that the Company has sufficient financial capability to repay the bank borrowings and that such repayment will not have a material impact on the cash flow of the Company.

The amount of funds to be utilised will depend on the actual number of Shares to be purchased, the price of the Shares and the availability of funds involved for each purchase(s) will depend on the market conditions and sentiments of the stock market as well as the retained profits and financial resources available to the Group.

### **2.3 Pricing**

Pursuant to the provisions of the Listing Requirements, the Company may only purchase its own shares on Bursa Securities at a price which is not more than fifteen per centum (15%) above the weighted average market price for Advancecon Shares for the five (5) market days immediately preceding the date of purchase.

In the case of resale or transfer of Purchased Shares held as Treasury Shares, the Company may only resell the Treasury Shares or transfer Treasury Shares pursuant to Section 127(7) of the Act at:

- (a) a price which is not less than the weighted average market price of the shares for the past five (5) market days immediately prior to the date of resale or transfer; or
- (b) a discounted price of not more than five per centum (5%) to the weighted average market price of the shares for the past five (5) market days immediately prior to the date of resale or transfer provided that:
  - the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
  - the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

In accordance with Paragraph 12.26 of the Listing Requirements, the Company may purchase its own shares in odd lots, i.e. any number of its own shares which is less than the number of shares prescribed by Bursa Securities as a board lot through direct business transaction or in any other manner as may be approved by Bursa Securities in accordance with such requirements as may be prescribed or imposed by Bursa Securities.

## **3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The implementation of the Proposed Renewal of Share Buy-Back Authority is envisaged to benefit the Company and its shareholders as follows:

- (a) the Company is able to utilise its surplus financial resources more efficiently. If implemented, this may help to stabilise the supply and demand of the Advancecon Shares traded on Bursa Securities and thereby support its fundamental value.
- (b) the EPS of Advancecon Shares and the return on equity of the Company is expected to improve as a result of a reduced share capital base.

- (c) the Purchased Shares retained as Treasury Shares provide the Board with an option to resell the treasury shares at a higher price and generate capital gains for the Company.
- (d) the Purchased Shares retained as Treasury Shares can be distributed as share dividends to the shareholders as a reward.
- (e) the financial resources of the Company will increase if the Purchased Shares held as Treasury Shares are resold at prices higher than the purchase price.

#### **4. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

On the assumption that the Proposed Renewal of Share Buy-Back Authority is carried out in full, the effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, NA, working capital, EPS and dividend of the Company, assuming the purchase of own shares are up to the maximum ten per centum (10%) of the total number of issued shares of Advancecon, are set out below:

##### **4.1 Share Capital**

The effects of the Proposed Renewal of Share Buy-Back Authority on the issued share capital of Advancecon will depend on the treatment of the Purchased Shares.

In the event the Proposed Renewal of Share Buy-Back Authority is carried out in full and all the Purchased Shares are cancelled, the present issued share capital of the Company will be reduced by the number of shares so cancelled, the effect shall be as follows:

	No. of Shares
Issued share capital as at LPD	415,813,000
Assuming the shares purchased are cancelled (up to 10% of the total number of issued shares) (including 9,381,300 treasury shares held by the Company as at LPD)	(41,581,300)
Resultant total number of issued shares	374,231,700

If the Purchased Shares are retained as treasury shares, the Proposed Renewal of Share Buy-Back Authority will not have any effect on the issued share capital of the Company. However, the rights attached to the treasury shares as to voting, dividends and participation in other distribution or otherwise would be suspended.

##### **4.2 NA, NA Per Share and Gearing**

The effect of the Proposed Renewal of Share Buy-Back Authority on the consolidated NA per share of the Group will depend on the purchase prices, number of the Purchased Shares, treatment of the Purchased Shares and the effective funding cost to the Group to finance such purchases and/or any loss in interest income to the Group, if internally generated funds are utilised.

The Proposed Renewal of Share Buy-Back Authority will reduce the NA per share at the time of purchase if the purchase price exceeds the NA per share and conversely, will increase the NA per share at the time of purchase if the purchase price is less than the NA per share.

If the Treasury Shares are resold at a gain, the NA per share would increase and, conversely, the NA per share would decrease if the Treasury Shares are resold at a loss.

If the Treasury Shares are distributed to shareholders as share dividends, the consolidated NA per Share of the Group would decrease.

The effects of the Proposed Renewal of Share Buy-Back Authority on the gearing of the Group will depend on the proportion of borrowing utilised to fund the purchase of the Purchased Shares.

#### **4.3 Earnings and EPS**

The effect of the Proposed Renewal of Share Buy-Back Authority on the EPS of the Group will depend on the number of the Purchased Shares, the purchase prices of the Purchased Shares and the effective funding cost to finance such purchases and/or loss in interest income to the Group, if internally generated funds are utilised. The Proposed Renewal of Share Buy-Back Authority may increase the EPS of the Advancecon Group if the Company realises a gain from the resale. Similarly, if the Purchased Shares are treated as Treasury Shares and subsequently resold, the extent of the effect to the earnings of the Advancecon Group will depend on the actual selling price, the number of Treasury Shares resold and the effective gain or interest savings arising from the exercises.

Assuming that the Advancecon Shares purchased are retained as Treasury Shares and resold, the effects on the earnings of the Group will depend on the actual selling price, the number of Treasury Shares resold and the effective gain or interest savings from the exercise.

#### **4.4 Working Capital**

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of the Group, the quantum of which depending on, amongst others, the number of Advancecon Shares purchased, the purchase price of such Advancecon Shares and the funding cost, if any.

However, the cash flow or working capital position of the Company will be restored if the Purchased Shares are resold at least at the purchase price.

#### **4.5 Dividends**

The Proposed Renewal of Share Buy-Back Authority may have an impact on the Company's dividend policy as it would reduce the cash available for dividend payment. Nonetheless, the Treasury Shares may be distributed as dividend to the shareholders if the Company so decides.

## 5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The effect of the Proposed Share Buy-Back on the shareholdings of the Directors and the Substantial Shareholders of Advancecon based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the LPD assuming the Proposed Share Buy-Back is undertaken in full by Advancecon, are as follows:

### (a) Directors of Advancecon

No.	Director	As at the LPD <sup>(a)</sup>				After the Proposed Share Buy-Back <sup>(b)</sup>			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
1.	Yeoh Chong Keat	25,000	0.006	-	-	25,000	0.007	-	-
2.	Dato' Phum Ang Kia	97,563,750	24.005	150,000*	0.037*	97,563,750	26.070	150,000*	0.040*
3.	Lim Swee Chai	54,038,250	13.296	-	-	54,038,250	14.440	-	-
4.	Ir. Yeo An Thai	16,075,250	3.955	-	-	16,075,250	4.296	-	-
5.	Tung Kai Hung	9,775,250	2.405	-	-	9,775,250	2.612	-	-
6.	Mohd Zaky bin Othman	-	-	-	-	-	-	-	-
7.	Fathi Ridzuan bin Ahmad Fauzi	25,000	0.006	-	-	25,000	0.007	-	-

Notes:

(a) Calculated based on the existing issued share capital of 406,431,700 Shares and excluding a total of 9,381,300 Advancecon Shares bought back by the Company and retained as treasury shares as at LPD.

(b) Calculated Based on the issued share capital of 374,231,700 Shares assuming that the Proposed Share Buy-Back is carried out in full and all that shares so purchased are held as Treasury Shares.

\* Indirect interest by virtue of his children pursuant to Section 59(11)(c) of the Companies Act, 2016.

(b) **Substantial Shareholders of Advancecon**

No.	Substantial Shareholders	As at the LPD <sup>(a)</sup>				After the Proposed Renewal of Share Buy-Back Authority <sup>(b)</sup>			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
1.	Dato' Phum Ang Kia	97,563,750	24.005	150,000*	0.037*	97,563,750	26.070	150,000*	0.040*
2.	Lim Swee Chai	54,038,250	13.296	-	-	54,038,250	14.440	-	-
3.	Pham Soon Kok	28,600,250	7.037	-	-	28,600,250	7.642	-	-

Notes:

(a) Calculated based on the existing issued share capital of 406,431,700 Shares and excluding a total of 9,381,300 Advancecon Shares bought back by the Company and retained as treasury shares as at LPD.

(b) Calculated based on the issued share capital of 374,231,700 Shares assuming that the Proposed Share Buy-Back is carried out in full and all that shares so purchased are held as Treasury Shares.

\* Indirect interest by virtue of his children pursuant to Section 59(11)(c) of the Companies Act, 2016.

## **6. PUBLIC SHAREHOLDING SPREAD**

As at LPD, the public shareholding spread of the Company was 49.29% of its total number of issued shares. The Company will only undertake a share buy-back to the extent that at least 25% of the total issued share capital of Advancecon is held in the hands of public shareholders at all times. The Board is mindful of the requirement and will ensure that the Company complies with the public shareholding spread requirements by refraining from buying back the Company's own shares if the purchase would result in the public shareholding spread falling below 25% of its issued share capital.

## **7. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The potential advantages of the Proposed Renewal of Share Buy-Back Authority are as follows:

- (a) The Proposed Renewal of Share Buy-Back Authority would enable the Company to utilise its financial resources more efficiently especially where there is no immediate use and it may strengthen the consolidated EPS of the Group.
- (b) The Proposed Renewal of Share Buy-Back Authority will also provide the Company with opportunities for potential gains if the Purchased Shares which are retained as Treasury Shares are resold at prices higher than their cost of purchase.
- (c) In any event, the Treasury Shares may also be distributed as share dividends to the shareholders as a reward.
- (d) The Proposed Renewal of Share Buy-Back Authority may also stabilise the supply and demand of Shares traded on Bursa Securities and reduce the volatility of the share prices. The stability of Shares price is important to maintain investors' confidence and may also assist in facilitating future fund raising via the equity market.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority are as follows:

- (a) The Proposed Renewal of Share Buy-Back Authority if implemented is expected to temporarily reduce the immediate financial resources of Advancecon Group.
- (b) The Proposed Renewal of Share Buy-Back Authority may also result in the Group foregoing better investment opportunities which may emerge in the future and/or any income that may be derived from other alternative uses of such funds such as deposit in interest bearing instruments.
- (c) The Proposed Renewal of Share Buy-Back Authority may also reduce the amount of resources available for distribution to the shareholders of the Company in the form of dividends as funds are utilised to purchase its own Shares.

Nevertheless, the Proposed Renewal of Share Buy-Back Authority is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be implemented only after careful consideration of the financial resources of the Group and its resultant impact. The Board is mindful of the interest of the Company and the shareholders and will be prudent with respect to the above exercise.

## 8. PURCHASE OF SHARES AND RESALE OF TREASURY SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

As at LPD, the Company held total of 9,381,300 treasury shares. The Company has purchased its own shares in the preceding twelve (12) months and details of the purchases are as follows:-

Date of Purchase	No. of Shares Purchased	Lowest Price Paid (RM)	Highest Price Paid (RM)	Average Price Paid (RM)	Total Amount Paid (RM)
06/07/2020	150,000	0.370	0.370	0.3700	RM55,819.74
07/07/2020	177,900	0.375	0.405	0.3781	RM67,651.62
08/07/2020	187,700	0.410	0.420	0.4134	RM78,041.90
09/07/2020	554,800	0.385	0.420	0.3993	RM222,291.22
10/07/2020	382,000	0.390	0.400	0.3935	RM150,847.70
13/07/2020	509,100	0.385	0.390	0.3876	RM198,023.60
14/07/2020	200,000	0.385	0.390	0.3875	RM77,946.28
15/07/2020	620,000	0.395	0.395	0.3950	RM245,718.62
17/07/2020	408,800	0.395	0.410	0.4031	RM165,368.53
20/07/2020	443,500	0.395	0.410	0.3991	RM177,625.96
21/07/2020	497,300	0.395	0.405	0.3978	RM198,523.65
22/07/2020	269,600	0.395	0.400	0.3970	RM107,409.56
29/07/2020	37,000	0.375	0.380	0.3773	RM14,029.29
30/07/2020	70,000	0.380	0.380	0.3800	RM26,753.40
03/08/2020	479,800	0.370	0.380	0.3732	RM179,693.66
04/08/2020	237,000	0.370	0.380	0.3742	RM89,195.83
06/08/2020	184,000	0.375	0.380	0.3771	RM69,786.13
07/08/2020	217,400	0.390	0.405	0.3937	RM86,083.10

The purchase of own Shares made by the Company during the Period were financed by internally generate funds. There were no resale of the Purchased Shares or cancellation thereof has occurred during the same period.

## 9. HISTORICAL SHARE PRICE

The monthly highest and lowest prices of Shares as traded on Bursa Securities for the preceding twelve (12) months from April 2020 to March 2021 are as follows:

	Highest (RM)	Lowest (RM)
<b>2020</b>		
April	0.320	0.255
May	0.425	0.290
June	0.475	0.345
July	0.430	0.355
August	0.410	0.345
September	0.420	0.355
October	0.380	0.350
November	0.390	0.345
December	0.435	0.370
<b>2021</b>		
January	0.395	0.335
February	0.395	0.365
March	0.430	0.370



The last transacted price of Advancecon Shares on 09 April 2021, being the LPD, was RM0.395  
(Source :[www.klsescreener.com](http://www.klsescreener.com))

#### **10. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY RELATING TO THE CODE**

In the event that the Company acquires the full amount of the shares authorised under the Proposed Renewal of Share Buy-Back Authority and all the shares so acquired are held as treasury shares, the equity interest of the Substantial Shareholders and their respective parties acting in concert triggering the obligation to undertake a mandatory offer under Paragraph 15(2) of the General Principle 12 of the Code and Rule 4 of the Rules on Take-Overs, an exemption will be sought from the SC before the purchase is made.

For illustration, if the equity interest of any one of the Substantial Shareholders and their respective parties acting in concert increases to more than 33% but less than 50% of the voting shares of Advancecon and such that their shareholdings increases in a period of six (6) months from the date of purchase by more than 2%, the affected Substantial Shareholder and parties acting in concert would be obliged to undertake a mandatory offer for the remaining shares not held by the said affected Substantial Shareholder and parties acting in concert.

SC may grant a waiver to undertake a mandatory offer, subject to the affected Substantial Shareholder and parties acting in concert complying with certain conditions, if obligation is triggered as a result of any action outside its direct participation. The Substantial Shareholders of Advancecon as disclosed in Section 5 herein have indicated that they intend to apply for the proposed exemption under Rule 4 of the Rules on Take-Overs if the obligation is expected to be triggered as a result of the Proposed Renewal of Share Buy-Back Authority. The effects of the Proposed Renewal of Share Buy-Back Authority on their shareholdings are set out in Section 5 herein.

#### **11. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

Save for the proportionate increase in the percentage of shareholdings including, amongst others, the voting rights of the shareholders of the Company as a result of the Proposed Renewal of Share Buy-Back Authority, none of the Directors and/or Substantial Shareholders of the Company and/or persons connected with them have any interest, whether direct or indirect in the Proposed Renewal of Share Buy-Back Authority.

#### **12. DIRECTORS' RESPONSIBILITY STATEMENT**

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

Having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, the Board is of the opinion that it is in the best interests of the Company.

### **13. DIRECTORS' RECOMMENDATION**

The Directors, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that it is in the best interests of the Company and its shareholders and accordingly, recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming 24<sup>th</sup> AGM of the Company.

### **14. FURTHER INFORMATION**

Shareholders are advised to refer to the Audited Financial Statements of the Company for the financial year ended 31 December 2020 in the Annual Report 2020 which is despatched together with this Statement for further information.

Copies of the following documents are available for inspection at the registered office of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor during normal business hours from Mondays to Fridays (except public holidays) from the date of this Statement up to and including the date of the 24<sup>th</sup> AGM:

- (i) the Constitution of the Company; and
- (ii) the audited financial statements of the Company for the past two (2) financial years ended 31 December 2019 and 31 December 2020 and the latest unaudited results since the last audited financial statements.