

OTHERS ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR "THE COMPANY") AGREEMENT ENTERED BETWEEN SPRING ENERGY SDN. BHD, ITS INDIRECT 51% OWNED SUBSIDIARY AND AALBORG RESOURCES SDN. BHD.

ADVANCECON HOLDINGS BERHAD

Type	Announcement
Subject	OTHERS
Description	ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR "THE COMPANY") AGREEMENT ENTERED BETWEEN SPRING ENERGY SDN. BHD, ITS INDIRECT 51% OWNED SUBSIDIARY AND AALBORG RESOURCES SDN. BHD.

1. INTRODUCTION

The Board of Directors of Advancecon is pleased to announce that an indirect 51% owned subsidiary, Spring Energy Sdn. Bhd. ("**SESB**" or "**the Contractor**") had on 18 December 2021 entered into an agreement with Aalborg Resources Sdn. Bhd. ("**ARSB**" or "**Owner**") for the appointment of SESB as the Contractor for the extraction of minerals at the Relevant Mining Area held under Mukim Sungai Raja, Daerah Kinta ("**Agreement**"), subject to and upon the terms and conditions stipulated in the Agreement.

2. INFORMATION ON ARSB

ARSB was incorporated on 22 July 1994 under the Companies Act, 1965 as a private limited company. ARSB has an issued and paid-up capital of RM2,543,972 comprising of 2,554,972 ordinary shares. ARSB's principal activity is to carry on quarrying of limestone and mining of kaolin.

3. SALIENT TERMS OF THE AGREEMENT

The salient terms of the Agreement include, amongst others, the following:

Pursuant to the Agreement, ARSB, being the Owner is in possession of a mining permit issued by the Department of Mineral and Geoscience, Malaysia (otherwise known as Jabatan Mineral and Geosains Malaysia)("JMG") to carry out mining activities on three (3) pieces of land held under Lot 301132, 151384, 201736, Mukim Sungai Raja, Daerah Kinta ("the Owner's area").

The Owner and Omya Malaysia Sdn. Bhd. ("Omya"), a company in possession of mining permit over 5 pieces of land adjacent to the Owner's area namely Lot 300114, 193140, 182942, 182941, 301501 ("Omya's area") have formulated a Joint Mining Plan which has been incorporated by reference to and form part of the Agreement for the extraction of minerals at the common boundary of the Owner's area and Omya's area ("**the Relevant Mining Area**") by each appointing the Contractor as the sole and common contractor through the execution of separate agreements.

SESB shall provide the following services in relation to the Relevant Mining Area:

- (a) Quarry development (opening access roads, overburden removal);
- (b) Extraction of limestone (drilling and blasting, hydraulic crushing);
- (c) Loading, hauling and side casting;
- (d) Crushing (operating the Owner's crushing unit);
- (e) Washing (operating the Owner's washing facility);
- (f) Stock arrangements and loading from stocks inclusive of quarry waste;
- (g) Compliance with the Joint Mining Plan including but not limited to the requirements of quantity, operational benches and haulage ramps;
- (h) Distribution management of the extracted minerals in accordance with the Joint Mining Plan;
- (i) Maintenance and removal of sediment from sedimentation pond.

(collectively referred to as "the Works")

Estimated Contract Value of the Agreement

The estimated contract value of the Agreement is RM18,100,000.00 and is based on the Agreement duration, monthly agreed extract and supply quantity to Owner and rate per MT. After taking into consideration the indirect 51% equity interest owned by Advancecon, Advancecon would potentially recognise RM9,231,000.00 of the contract value.

Tenure of the Agreement

The Agreement period for a period of four (4) years commencing from the date of execution of the Agreement until 31 December 2025 ("the Initial Term") and the Term may be extended at the option of the Owner for another additional term of twelve (12) months from expiry of the Initial Term ("the Extended Term") by notifying Contractor in writing three (3) months prior to the expiry of the Initial Term.

4. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS AND/OR PERSON CONNECTED THEM

None of the Directors nor substantial shareholders of Advancecon, or persons connected with them, has any interest, direct or indirect, in the Agreement.

5. FINANCIAL EFFECTS

The Agreement is not expected to have any material immediate effect on the net assets and gearing of the Group for the financial year ending 31 December 2021.

6. APPROVAL REQUIRED

The Agreement being incurred in the ordinary course of business and is not subject to the approval of the shareholders of Advancecon or any regulatory authorities.

7. STATEMENT BY BOARD OF DIRECTORS

The Board of Director of Advancecon, having taken into consideration all aspects of the Agreement is of the opinion that the Agreement is in the best interest of Advancecon Group.

This announcement is dated 20 December 2021.

Announcement Info

Company Name	ADVANCECON HOLDINGS BERHAD
Stock Name	ADVCON
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