

Circular/Notice to Shareholders

ADVANCECON HOLDINGS BERHAD

Subject PART A - STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES PART B - CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Please refer attachment below.

Attachments

[Advancecon - Statement and Circular to Shareholders \(to Bursa\).pdf](#)
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Announcement Info	
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Stock Name	ADVCON
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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.

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ADVANCECON

ADVANCECON HOLDINGS BERHAD

(Registration No. 199701011469 (426965-M))
(Incorporated in Malaysia)

PART A - 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")

PART B - CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF RRPTs MANDATE")

Notice of the Twenty-Seventh Annual General Meeting ("27th AGM") which will be conducted on a virtual basis through the live streaming and online meeting platform of TIH online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiah.online> or <https://tiah.com.my> (Domain registration number with MYNIC – D1A282781) on Thursday, 13 June 2024 at 10.00 a.m. together with the Proxy Form are enclosed in the Annual Report 2023 (as defined herein), which has been despatched together with this Statement/Circular.

A member entitled to attend, participate, speak and vote remotely at the AGM via the Remote Participation and Voting facilities provided is entitled to appoint a proxy or proxies (not more than 2) to attend, participate, speak and vote on his/ her behalf. In such event, the completed and signed Proxy Form must be deposited at the Poll Administrator office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of an appointment of a proxy made in electronic form, the Proxy Form can be electronically lodged via Tricor's TIH Online website at <https://tiah.online> or <https://tiah.com.my>. Please refer to the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form, not less than 48 hours before the time appointed for holding the AGM or at any adjournment thereof. The lodging of the Proxy Form shall not preclude you from attending, participating, speaking and voting at the AGM should you subsequently wish to do so.

Last day and time for lodging the Proxy Form : Tuesday, 11 June 2024 at 10.00 a.m.

Date and time of 27th AGM : Thursday, 13 June 2024 at 10.00 a.m.

This Statement/Circular is dated 30 April 2024

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 2023”	: Annual Report of Advancecon issued for the financial year ended 31 December 2023
“Board”	: The Board of Directors of Advancecon
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“CDS”	: Central Depository System
“Code”	: Malaysian Code on Take-Over and Mergers 2016 and any amendments made thereto from time to time
“Constitution”	: Constitution of Advancecon, as amended from time to time
“Circular”	: The Circular dated 30 April 2024 in relation to the Proposed Renewal of RRPTs Mandate
“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
“FHHSB”	: Fook Hua Holdings Sdn Bhd (Registration No. 199601017339 (389690-P))
“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”	: 5 April 2024, 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, which may include a Surprise Holiday
- “Minister” : Minister charged with the responsibility for companies, currently the Minister of Domestic Trade, Co-operatives and Consumerism, Malaysia
- “NA” : Net Assets
- “Persons Connected” : A person connected in relation to a Director or Major Shareholder (referred to as “said Person”) means such person who falls under any one of the following categories:
- a) a family member of the said Person which shall include the spouse, parent, child (including adopted child and stepchild), brother, sister, and the spouse of the child (including adopted child and stepchild), brother or sister;
 - b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;
 - c) a partner of the said Person;
 - d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;
 - e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
 - f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - g) a body corporate which is a related corporation of the said Person.

DEFINITIONS (CONT'D)

“Proposed Renewal of RRPTs Mandate”	: The proposed renewal shareholders’ mandate for Advancecon Group and/or its subsidiaries to enter into RRPT pursuant to paragraph 10.09 of the Listing Requirements as set out in Part B of the Circular
“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
“Related Party(ies)”	: Means a Director, Major Shareholder of Advancecon or a person connected with such Director or Major Shareholder
“RRPT”	: A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party, which is recurrent, of a revenue or trading nature and which is necessary for day to day operations of the Company or its subsidiaries
“SC”	: Securities Commission Malaysia
“SERB”	: Spring Energy Resources Berhad (Registration No. 20140107649 (1093736-V))
“SERB Group”	: SERB and its subsidiaries
“SESB”	: Spring Energy Sdn Bhd (Registration No. 199701030845 (446344-H)).
“Statement”	: This share buy-back statement dated 30 April 2024 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
“Surprise Holiday”	: A day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year.
“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.

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PART A

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

ADVANCECON

ADVANCECON HOLDINGS BERHAD

(Registration No. 199701011469 (426965-M))
(Incorporated in Malaysia)

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

At the Twenty-Sixth (26th) AGM of Advancecon held on 29 May 2023, 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 27th AGM unless such authority is renewed by an ordinary resolution to be passed by the shareholders at the forthcoming 27th AGM.

On 24 April 2024, 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 27th 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 27th AGM. The Notice of the 27th AGM and the Proxy Form are enclosed in the Company's Annual Report 2023.

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 27TH 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 27th 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 584,731,900 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 58,473,190 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 27th 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 2023, the Company has an accumulated losses of RM12,003,267.00.

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	584,731,900
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)	(58,473,190)
Resultant total number of issued shares	526,258,710

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:

No.		As at the LPD ^(a)				After the Proposed Share Buy-Back ^(b)			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	<u>Directors</u>								
1.	Yeoh Chong Keat	-	-	-	-	-	-	-	-
2.	Dato' Phum Ang Kia	97,563,750	16.957	150,000	0.026	97,563,750	18.876	150,000	0.029
3.	Tung Kai Hung	9,775,250	1.699	-	-	9,775,250	1.891	-	-
4.	Mohd Zaky Bin Othman	-	-	-	-	-	-	-	-
5.	Jananee Priya A/P Gopal	-	-	-	-	-	-	-	-
	<u>Substantial Shareholders</u>								
1.	Dato' Phum Ang Kia	97,563,750	16.957	150,000	0.026	97,563,750	18.876	150,000	0.029
2.	Lim Swee Chai	50,381,250	8.757	-	-	50,381,250	9.747	-	-

Notes:

- (a) Calculated based on the existing issued share capital of 584,731,900 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 526,258,710 Shares and excluding a total of 9,381,300 Advancecon Shares bought back by the Company and retained as treasury shares as at LPD, under the Minimum Scenario.

6. PUBLIC SHAREHOLDING SPREAD

As at LPD, the public shareholding spread of the Company was 72.55% 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

The Company had not made any purchase of its own shares or resale of its treasury shares in the previous twelve (12) months preceding the date of this Statement.

As at the LPD, the Company held 9,381,300 treasury shares and none of the treasury shares held were resold or cancelled in the preceding twelve (12) months.

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 2023 to March 2024 are as follows:

	Highest RM	Lowest RM
2023		
April	0.250	0.225
May	0.285	0.230
June	0.395	0.275
July	0.390	0.320
August	0.385	0.285
September	0.325	0.295
October	0.320	0.275
November	0.305	0.275
December	0.300	0.270
2024		
January	0.310	0.280
February	0.295	0.275
March	0.285	0.260

The last transacted price of Advancecon Shares on 5 April 2024, being the LPD, was RM 0.285

(Source : <https://www.investing.com/equities/advancecon-holdings-bhd-historical-data>)

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 increased to beyond 33% or if his/their shareholding is between 33% and 50% and increases by another 2% in any six (6) months period, 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 27th 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 2023 in the Annual Report 2023 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 B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1 Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur 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 27th 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 2022 and 31 December 2023 and the latest unaudited results since the last audited financial statements.

PART B

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL
OF RRPTs MANDATE**

ADVANCECON

ADVANCECON HOLDINGS BERHAD

[Registration No. 199701011469 (426965-M)]
(Incorporated in Malaysia)

Registered Office

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1 Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia

30 April 2024

Board of Directors

Yeoh Chong Keat (*Independent Non-Executive Chairman*)
Dato' Phum Ang Kia (*Executive Director/ Group Chief Executive Officer*)
Tung Kai Hung (*Executive Director*)
Mohd Zaky Bin Othman (*Independent Non-Executive Director*)
Jananee Priya A/P Gopal (*Independent and Non-Executive Director*)

To: Shareholders of our Company

Dear Sir/ Madam,

PROPOSED RENEWAL OF RRPTs MANDATE

1. INTRODUCTION

At the Twenty-Sixth (26th) AGM of Advancecon held on 29 May 2023, the Company sought and obtained from the shareholders the mandate for Advancecon Group to enter into RRPTs of a revenue and/or trading nature in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for Advancecon Group's day to day operations. The existing authority shall lapse at the conclusion of the forthcoming AGM, unless authority for its renewal is obtained from the shareholders at the forthcoming AGM.

The Company had on 24 April 2024 announced its intention to seek shareholders' approval for the Proposed Renewal of RRPTs Mandate as set out in the Section 2.4 of this Circular. Further details on the Proposed Renewal of RRPTs Mandate are set out in the ensuing sections.

THE PURPOSE OF PART B OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION OF THE PROPOSED RENEWAL OF RRPTs MANDATE AND TO SEEK YOUR APPROVAL ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF RRPTs MANDATE TO BE TABLED AS A SPECIAL BUSINESS AT THE FORTHCOMING 27TH AGM. THE NOTICE OF THE 27TH AGM TOGETHER WITH THE PROXY FORM AND THIS CIRCULAR ARE AVAILABLE AT THE COMPANY'S WEBSITE.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED RENEWAL OF RRPTs MANDATE.

2. DETAILS OF THE PROPOSED RENEWAL OF RRPTs MANDATE

2.1 Provision under the Listing Requirements

Pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operation subject to, inter alia, the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party(ies) than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the prescribed threshold as follows:
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or
 - (ii) the percentage ratio of such RRPT is 1% or more,whichever is the higher.
- (c) Issuance of a circular to shareholders by the Company for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such directors or major shareholder, must not vote on the resolution to approve the RRPT. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the RRPT; and
- (e) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where a listed issuer has procured a Shareholders' Mandate, the provisions of paragraph 10.08 of the Listing Requirements will not apply.

Advancecon Group has, in the ordinary course of its business, entered into certain RRPTs and is anticipated to continue to enter into such transactions with the Related Parties, the details of which as set out in Section 2.3 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

These RRPTs which are necessary for the day-to-day operations of Advancecon Group, will be based on normal commercial terms, at arm's length and will be transacted on terms that are not more favourable to the Related Parties than those generally available to the public.

2.2 Validity of the Proposed Renewal of RRPTs Mandate

The Proposed Renewal of RRPTs Mandate, if approved by the shareholders at the forthcoming 27th AGM, shall take effect from the date of passing of the resolution proposed at the forthcoming 27th AGM and will continue to be in force until:

- (a) the conclusion of the next AGM of the Company, at which time the new shareholders' mandate will lapse, unless the mandate is renewed by a resolution passed at that meeting;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

Thereafter, approval from the shareholders will be sought for the renewal of the mandate for the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature which are in the ordinary course of business and are necessary for the day-to-day operations of the Group, at each subsequent AGM of the Company.

2.3 Disclosure in Annual Report

Disclosure will be made in our annual report in accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPT made during the financial year pursuant to the Proposed Renewal of RRPTs Mandate based on the following information:

- (a) the type of RRPT entered into; and
- (b) the names of the Related Parties involved in each type of RRPT entered into and their relationship with the Group.

2.4 Principal activities of Advancecon Group

Advancecon Group is principally involved in provider of earthworks and civil engineering services primarily for infrastructure projects and township developments in Malaysia. Advancecon is primarily engaged in the business of providing management services. The core activities of the subsidiary companies within Advancecon Group are as follows:

Name	Effective equity interest (%)	Principal Activities
Subsidiary companies of Advancecon		
Advancecon Infra Sdn Bhd	100	Providing earthworks and civil engineering services and sales of construction materials.
Advancecon Solar Sdn Bhd	100	Carry on development and/or operation of power generation from renewable energy, solar and other renewable energy projects.
Advancecon Machinery Sdn Bhd	100	Providing earth-moving machineries for hire and transportation agent.
Advancecon Properties Sdn Bhd	100	Property investment.
Advancecon Ventures Sdn Bhd	100	To carry out business of an investment holding company and business related contracting in all types of construction works and other related business.
SERB	51	Investment holding and in contract quarry operation, marketing and selling of quarry products as well as quarry management.
Associate company of Advancecon		
Advancecon (Sarawak) Sdn Bhd	30	Providing earthworks, civil engineering services and other related services.
Subsidiary company of Advancecon Solar Sdn Bhd		
LSS TPG Sdn Bhd	100	To carry on development and/or operation of power generation from renewable energy, solar and other renewable energy projects.
Subsidiary company of Advancecon Ventures Sdn Bhd		
CLQ Silvervalley Sdn Bhd	100	To carry out business related to owner of workers' dormitory and/or provision of business related to dormitory accommodation services and other related business.
Advancecon Development Sdn Bhd	100	To carry out business related to property investment, development and construction related business.

Name	Effective equity interest (%)	Principal Activities
Subsidiary companies of SERB		
SESB	100	Quarry operator, sale of quarry and premix products and contractor in civil engineering works.
SE Premix Sdn Bhd	100	Supply of labour and premix plants for the production and premix products.
Semenyih Quarry Sdn Bhd	100	Quarry operator.
SE Satu Sdn Bhd	100	Bauxite mining operator and contractor in civil engineering works.
SE Quarry Sdn Bhd	55	Quarry Operator.
Spring Energy Construction Sdn Bhd	100	Contractor in civil engineering.
Spring Energy Mining Sdn Bhd	100	Mining operator.
Bukit Tinggi Infra Sdn Bhd	51	Quarry operator.
Semenyih Rock Sdn Bhd	60	Quarry operator.
Subsidiary company of SE SATU SDN. BHD.		
SE Sinaran Sdn Bhd	80	Provision of port services including forwarding and stevedoring of cargo onto vessels.
Associate company of SPRING ENERGY MINING SDN. BHD.		
SE Endau Sdn Bhd	50	Business of iron ore mining operations.

In view of the time-sensitive, confidential and frequent nature of such RRPT, the Board is seeking shareholders' approval for the Proposed Renewal Shareholders' Mandate.

Details of the transactions to be entered into with the Related Parties are set out in Section 2.6 below. Such transactions are entered into on terms which are not more favourable to Related Parties other than those generally available to the public.

2.5 Details of Related Party

The Company proposes to seek a general mandate from its shareholders to enter into arrangement or transactions with the below said company which are necessary for the day-to-day operations of the Group and are based on normal commercial terms not more favourable for the below said company than those available to the public. List of companies are as follows:

a) SE Concrete Sdn Bhd (“SE Concrete”)

SE Concrete was incorporated in Malaysia as a private limited company by shares and principally involved in manufacturing and sales of ready mix concrete.

As at LPD, SE Concrete’s issued share capital is RM1,000,000.00 comprising of 1,000,000 ordinary shares.

The directors of SE Concrete are as follows:

No.	Name
1.	Dato’ Yap Soon Huat *
2.	Chee Koon Yoong
3.	Wong Chee Wing

*Dato’ Yap Soon Huat is an interested Director by virtue of his prior directorship (within the preceding six (6) months) in SE Concrete. He has resigned as a director in SE Concrete on 20 December 2023.

FHHSB disposed its 600,000 ordinary shares in SE Concrete on 18 July 2023 and accordingly, ceased as a major shareholder of SE Concrete.

b) Fook Hua Holdings Sdn Bhd (“FHHSB”)

FHHSB was incorporated on 7 June 1996 in Malaysia under the Companies Act, 1965 as private company limited by shares. FHHSB is principally an investment holding company.

As at the LPD, FHHSB has an issued share capital of RM1,000,040 comprising 1,000,040 shares. The directors of FHHSB are as follows:

No.	Name
1.	Dato’ Yap Soon Huat
2.	Yap Yee Huat
3.	Yap Chai Huat
4.	Yap Ho Huat

The shareholders and shareholdings of FHHSB as at the LPD are as follows:

No.	Name	Interest in Ordinary Shares	%
1.	Dato’ Yap Soon Huat	225,009	22.5
2.	Yap Yee Huat	225,009	22.5
3.	Yap Chai Huat	225,009	22.5
4.	Yap Ho Huat	225,009	22.5
5.	Oh Ah Ban	100,004	10.0
	Total	1,000,040	100.0

Oh Ah Ban is the mother of Dato’ Yap Soon Huat, Yap Yee Huat, Yap Chai Huat and Yap Ho Huat.

2.6 Nature of Recurrent Transactions contemplated under the Proposed Renewal of RRPTs Mandate

The nature of the Recurrent Transactions with Related Parties of which approval is being sought under the Proposed Renewal of RRPTs Mandate shall include, but are not limited to those disclosed below:-

Nature of Transaction undertaken by/ provided	Transacting Party	Transacting Company within Advancecon Group	Estimated value of RRPTs as disclosed in preceding year's circular dated 28 April 2023 (RM'000)	Actual value of transaction (s) from date of the last AGM on 29 May 2023 up to the LPD (RM'000)	Estimated value of RRPTs from date of 27 th AGM to the next AGM in year 2025 (RM'000)	Interested Major Shareholder/ Director	Nature of relationship
Rent office building	Advancecon Holdings Berhad (Tenant)	Dato' Phum Ang Kia (Landlord)	310	63	310	Dato' Phum Ang Kia	Dato' Phum Ang Kia is the Executive Director/ Group Chief Executive Officer of Advancecon and he is also a major shareholder of Advancecon via his shareholding of 16.957% in Advancecon. He is also the owner of the office premises.

2.6 Nature of Recurrent Transactions contemplated under the Proposed Renewal of RRPTs Mandate (Cont'd)

The nature of the Recurrent Transactions with Related Parties of which approval is being sought under the Proposed Renewal of RRPTs Mandate shall include, but are not limited to those disclosed below:-

Nature of Transaction undertaken by/ provided	Transacting Party	Transacting Company within Advancecon Group	Estimated value of RRPTs as disclosed in preceding year's circular dated 28 April 2023 (RM'000)	Actual value of transaction (s) from date of the last AGM on 29 May 2023 up to the LPD (RM'000)	Estimated value of RRPTs from date of 27 th AGM to the next AGM in year 2025 (RM'000)	Interested Major Shareholder/ Director	Nature of relationship
Rent office building	Spring Energy Sdn Bhd (SESB) (Tenant)	Fook Hua Holdings Sdn Bhd (FHHSB) (Landlord)	372	310	372	Dato' Yap Soon Huat and Yap Ho Huat	Dato' Yap Soon Huat, Yap Yee Huat, Yap Chai Huat and Yap Ho Huat are the directors of SERB with an indirect interest of 49.0% by virtue of their direct interest in FHHSB, in which Dato' Yap Soon Huat, Yap Yee Huat, Yap Chai Huat and Yap Ho Huat are deemed interested pursuant to Section 8 of the Companies Act, 2016, and direct shareholdings held by their mother.

2.6 Nature of Recurrent Transactions contemplated under the Proposed Renewal of RRPTs Mandate (Cont'd)

The nature of the Recurrent Transactions with Related Parties of which approval is being sought under the Proposed Renewal of RRPTs Mandate shall include, but are not limited to those disclosed below:-

Nature of Transaction undertaken by/ provided	Transacting Party	Transacting Company within Advancecon Group	Estimated value of RRPTs as disclosed in preceding year's circular dated 28 April 2023 (RM'000)	Actual value of transaction (s) from date of the last AGM on 29 May 2023 up to the LPD (RM'000)	Estimated value of RRPTs from date of 27th AGM to the next AGM in year 2025 (RM'000)	Interested Major Shareholder/ Director	Nature of relationship
Sale of quarry product	SESB (Provider)	SE Concrete Sdn Bhd (Recipient)	2,000	-	-	Dato' Yap Soon Huat FHHSB	Dato' Yap Soon Huat is a director in SE Concrete (within the preceding 6 months). He resigned as a director in SE Concrete on 20 December 2023. FHHSB disposed its direct interest of 60% in SE Concrete on 18 July 2023.

2.6 Nature of Recurrent Transactions contemplated under the under the Proposed Renewal of RRPTs Mandate (Cont'd)

The nature of the Recurrent Transactions with Related Parties of which approval is being sought under the Proposed Renewal of RRPTs Mandate shall include, but are not limited to those disclosed below:-

Description of the Property:

Description	Postal address	Total areas (square meter)	Rental value (Monthly)	Period of Tenancy	Ownership	Term of Tenancy/ Frequency of rental payment made
Office building	18, Jalan Pekaka 8/3, Seksyen 8, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan	501.00	RM6,300-00	1 st August 2022 – 30 th July 2025	Dato' Phum Ang Kia	Renewable/Monthly
Office building	66 Jalan SS22/25, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan	1,962.08	RM13,000-00	1 st January 2023 – 31 st December 2026	FHHSB	Renewable/Monthly
Office building	76 Jalan SS22/25, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan	1,962.08	RM13,000-00	1 st July 2022 – 30 th June 2025	FHHSB	Renewable/Monthly
Office building	No. B-112 (Ground 1st, 2nd & 3rd Floors) and No. B-114 (2nd & 3rd Floors) Lorong IM 8/33, Bandar Indera Mahkota, 25200, Kuantan, Pahang	1,120.00	RM5,000-00	1 st January 2023 – 31 st December 2025	FHHSB	Renewable/Monthly

** The estimated value is based on the expected value of transaction to be entered into with Related Parties and the estimates of management based on the information available at the time of decision making. The estimated value may vary and subject to changes.

2.7 Amount Due and Owing by the Related Parties pursuant to the RRPTs

As at LDP, there is no amount due or owing to Advancecon Group by the Mandated Related Party which exceeds the credit terms. As such, the disclosures as required under Paragraphs 16A and 16B in Annexure PN12-A of the Listing Requirements are not applicable.

2.8 Review Methods or Procedures for the RRPTs

The Group had established the procedures to ensure that the RRPTs are undertaken on an arm's length basis, on transaction prices and terms not more favourable to the Related Parties involved than those generally available to the public and not detrimental to the minority shareholders of the Company.

The Group shall review the RRPTs based on the following procedures:

(a) Identification

- (i) A list of the Related Parties will be circulated to all heads of department within the Advancecon and its subsidiaries ("Advancecon Group" or "the Group") to notify that all transactions with the Related Parties are required to be undertaken on an arm's length basis, under normal commercial terms consistent with the Group's business practices and policies and on terms not more favourable to the Related Party(ies) than those generally available to the public and, are not to the detriment of the minority shareholders of Advancecon Group.
- (ii) All companies within the Advancecon Group are required to inform the General Manager – Finance and Corporate Service Department before entering into any RRPTs other than those entered into pursuant to the Proposed Renewal of RRPTs Mandate. In addition, all heads of department are advised to report to the General Manager – Finance and Corporate Service Department all transactions involving Related Parties who will monitor and report to the Audit Committee for review on a quarterly basis.

(b) Authorisation

- (i) The pricing methods and procedures of the transactions are to be determined by market forces, under similar commercial terms for transactions with third parties, that depend on the demand and supply, quality and the availability of the products.
- (ii) All types of RRPTs are carried out at arm's length and under the Advancecon Group's normal commercial terms and are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of Advancecon Group.
- (iii) The Related Parties and Directors who are deemed interested have been advised of their responsibilities and obligations under the relevant Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities") (Listing Requirements"), the Group's policy and procedures for RRPTs.
- (iv) If a member of the Audit Committee or the Board or the Board of Directors ("the Board") of Advancecon's subsidiaries has any interest (direct or indirect), in the RRPT, he/she shall:
 - a) declare his/her interest in the RRPT and abstain from any deliberation an decision making by the Audit Committee or the Board or the Board of Advancecon's subsidiaries in respect of such RRPT and continue to abstain from voting on the resolution approving the transactions; and

- b) Undertake that he/she will ensure that persons connected with him/her abstain from voting on the resolution deliberating or approving the proposal at the general meeting
- (v) Where a transaction is valued at RM500,000 or less, it will be reviewed and approved by two Executive Directors from Advancecon who have been identified for this purpose and who shall have no interest in the transaction. Where a transaction is valued at more than RM500,000, it will be reviewed and subject to approval by the Board. The RRPT which is RM1.0 million and above or 1% of any percentage ratios shall be reviewed and approved by the Audit Committee and the Board before the transaction is entered into. Any member of the Audit Committee may, as he/she deems fit, request for additional information pertaining to the transaction from independent sources or advisers, including obtaining of valuation from professional valuers or advisers.
- (vi) Wherever practicable and/or feasible, at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantial similar type of products/services and/or quantities. In the event that quotations or comparative pricing from unrelated third parties cannot be obtained for the proposed transactions, the Management will rely on the usual business norms and practices taking into account the efficiency, quality and type of support services to be provided to ensure that the RRPTs are not detrimental to the Group.
- (vii) Advancecon may seek a mandate from its shareholders for the RRPTs subject to the following: -
- the transactions are entered into in the ordinary course of business and are on terms not more favorable to the Related Party than those generally available to the public;
 - the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than prescribed threshold;
 - the Company's circular to shareholders for the shareholders' mandate includes such information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a compliance checklist;
 - at the general meeting to obtain the shareholders' mandate, the interested related party must abstain from voting on the resolution approving the RRPT. An interested related party must ensure that the persons connected with him abstain from voting on the resolution in respect of RRPT;
 - Advancecon must immediately announce to Bursa Securities when the actual value of a RRPT, exceeds the estimated value of the RRPT as disclosed in the circular by 10% or more and must include such information as may be prescribed by Bursa Securities in its announcement; and
 - Where Advancecon has procured the shareholders' mandate, the provisions of Rule 10.08 of the Listing Requirements on the RPT shall not apply.

(c) Monitoring and Reporting

- (i) A register shall be maintained by the respective companies within the Advancecon Group to record all RRPTs, which are entered into pursuant to the Proposed Renewal of RRPTs Mandate, and update with Corporate Service Department under Advancecon Holdings Berhad in every month end. All RRPTs shall be reported to the Audit Committee on a quarterly basis together with the quarterly financial reports.
- (ii) The Audit Committee will review the RRPTs to ascertain that the guidelines and procedures established to monitor all RRPTs have been complied with.
- (iii) The Audit Committee and the Board reserve the right to modify or amend this Policy at any time as it may deem necessary in order to align the policy with Listing Requirements, the Companies Act 2016, the latest Malaysian Code on Corporate Governance and any other applicable laws enforced at the time being.

3. RATIONALE FOR THE PROPOSED RENEWAL OF RRPTs MANDATE

The Proposed Renewal of RRPTs Mandate to be entered into by Advancecon Group is in the ordinary course of business and intended to meet the business needs of the Group at the best possible terms so as to achieve the synergistic benefits within the Group. As such, it is anticipated that the renewal of RRPTs would occur on a frequent and recurrent basis.

The Proposed Renewal of RRPTs Mandate will eliminate the need to make announcements to Bursa Securities and/or to convene separate EGMs from time to time to seek shareholders' prior approval for the Group to enter into such new RRPT. This will serve to reduce substantial administrative time and expenses in convening such EGMs without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group.

4. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS AND/OR PERSON CONNECTED WITH THEM

Save as disclosed below, none of the other Directors and/or Major Shareholders and person connected to them as defined in the Listing Requirements, based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the LPD, has any interest, direct or indirect in the Proposed Renewal of RRPTs Mandate:

	Direct Interest		Indirect Interest	
	No of Advancecon Shares	%	No of Advancecon Shares	%
Directors of Advancecon				
Yeoh Chong Keat	-	-	-	-
Dato' Phum Ang Kia	97,563,750	16.957	150,000*	0.026*
Tung Kai Hung	9,775,250	1.699	-	-
Mohd Zaky Bin Othman	-	-	-	-
Jananee Priya A/P Gopal	-	-	-	-
Substantial Shareholders				
Dato' Phum Ang Kia	97,563,750	16.957	150,000*	0.026*
Lim Swee Chai	50,381,250	8.757	-	-
Directors of SERB				
Yap Soon Huat	-	-	-	-
Yap Ho Huat	-	-	-	-
Dato' Phum Ang Kia	97,563,750	16.957	150,000*	0.026*
Tung Kai Hung	9,775,250	1.699	-	-
Puah Kian Yiew	4,555,250	0.792	-	-
Directors of FHHSB				
Dato' Yap Soon Huat	-	-	-	-
Yap Yee Huat	-	-	-	-
Yap Chai Huat	-	-	-	-
Yap Ho Huat	-	-	-	-

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

Dato' Phum Ang Kia who is Executive Director/ Group Chief Executive Officer of Advancecon is deemed interested in the Proposed Renewal of RRPTs Mandate by virtue of his interest as disclosed in Section 2.6 above. In this respect, Dato' Phum has accordingly abstained and/or will continue to abstain from all Board deliberations and voting in respect of the Proposed Renewal of RRPTs Mandate under the relevant section stated above.

The interested Director, Dato' Phum Ang Kia, will abstain from voting on the ordinary resolution approving the Proposed Renewal of RRPTs Mandate at the forthcoming 27th AGM. The interested Director has also undertaken that he will ensure that Persons Connected with him will abstain from voting in respect of their direct and indirect interest on the ordinary resolution approving the Proposed Renewal of RRPTs Mandate at the forthcoming 27th AGM.

SESB, SE Concrete and FHHSB are deemed connected to Dato' Yap Soon Huat, Yap Yee Huat, Yap Chai Huat, Yap Ho Huat, Oh Ah Ban and FHHSB (collectively referred to as "Interested Parties") by virtue of their Directorship and direct and indirect shareholdings in FHHSB and SERB respectively. As such, Dato' Yap Soon Huat, Yap Yee Huat, Yap Chai Huat and Yap Ho Huat are deemed interested in the Proposed Renewal of RRPTs Mandate.

The Interested Parties will abstain from voting in respect of their direct and/or indirect shareholdings in the Company at the 27th AGM on the ordinary resolution pertaining to all RRPT in which they are deemed interested.

The Interested Parties have also undertaken that they will ensure that Persons Connected with them will abstain from voting in respect of their direct and indirect interest on the ordinary resolution approving the Proposed Renewal of RRPTs Mandate at the forthcoming 27th AGM.

5. EFFECT OF THE PROPOSED RENEWAL OF RRPTs MANDATE

The Proposed Renewal of RRPTs Mandate is not expected to have any effect on the share capital and number of issued shares, NA, dividend, gearing of the Group. However, it is expected to contribute positively to the earnings of the Group.

6. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for Dato' Phum Ang Kia, who are deemed interested in the Proposed Renewal of RRPTs Mandate as mentioned in Section 4 above and have abstained from forming an opinion) having considered all aspects of the Proposed Renewal of RRPTs Mandate, is of the opinion that the Proposed Renewal of RRPTs Mandate is fair, reasonable and in the best interests of the Company's shareholders and the Group and accordingly recommend that you vote IN FAVOUR of the ordinary resolution pertaining to the Proposed Renewal of RRPTs Mandate at the forthcoming 27th AGM.

7. STATEMENT OF AUDIT COMMITTEE

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all RRPT are appropriate to ensure that the new RRPTs are within the limits approved pursuant to the Proposed Renewal of RRPTs Mandate.

The Audit Committee has seen and reviewed the terms of the Proposed Renewal of RRPTs Mandate and is satisfied that Advancecon Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner and these procedures and processes are reviewed on a quarterly basis.

The Audit Committee is of the view that the procedures as set out in Section 2.8 are sufficient to ensure that the RRPT are carried out:

- (i) at arms' length and in accordance with the Group's normal commercial terms;
- (ii) on terms which are not more favourable to the Related Party than those generally available to the public; and
- (iii) are not to the detriment of the minority shareholders.

Any member of the Audit Committee who is interested in any RRPT has not and shall not be involved in the review and deliberation of the relevant RRPT.

8. APPROVAL REQUIRED

The Proposed Renewal of RRPTs Mandate is subject to the approval of the shareholders of Advancecon at the forthcoming 27th AGM.

9. AGM

The AGM, the notice of which is enclosed in this Circular, will be conducted on a fully virtual basis through live streaming and online meeting platform via TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via Remote Participation and Electronic Voting ("RPV") facilities at <https://tiih.online> or <https://tiih.com.my> on Thursday, 13 June 2024 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposal.

If you are unable to attend, participate, speak and vote remotely at the AGM via the Remote Participation and Voting facilities provided, you are entitled to appoint a proxy or proxies (not more than 2) to attend, participate, speak and vote on your behalf. As such, you are requested to complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein, to be deposited at the Poll Administrator office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of an appointment of a proxy made in electronic form, the Proxy Form can be electronically lodged via Tricor's TIIH Online website at <https://tiih.online> or <https://tiih.com.my>. Please follow the procedure for the electronic lodgement of proxy form as set out in the Administrative Guide for the 27th AGM. Please refer to the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form, not less than 48 hours before the time appointed for holding the AGM. The lodging of the Proxy Form shall not preclude you from attending, participating, speaking and voting at the AGM should you subsequently wish to do so.

10. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I of this Circular for further information.

Yours faithfully
For and on behalf of the Board
ADVANCECON HOLDINGS BERHAD

Yeoh Chong Keat
Independent Non-Executive Chairman

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been reviewed and approved by the Directors of Advancecon who individually and collectively accept full responsibility for the accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or incorrect.

2. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company during the two (2) years immediately preceding the date of this Circular.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed below, as at LPD, the Board is not aware of any material commitments and contingent liabilities incurred or known to be incurred which may have a material impact on the financial position of the Group:

	RM'000
Purchase of property, plant and equipment	<u>10,508</u>

4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, the Company is not engaged in any material litigation, claims or arbitration either as a plaintiff or defendant, and the Board of Directors is not aware of any proceedings, pending or threatened, against the Company or of any fact likely to give rise to any proceedings which might materially or adversely affect the position or business of the Company:

Zeti Ismrizan Binti Isa & 5 Ors ("Plaintiff") vs Spring Energy Sdn. Bhd. ("Defendant") vs Muhammad Faizal Bin M. Hauri & 2 Ors ("Third Parties") - Shah Alam High Court Civil Suit No. BA-23NCVC-24-04/2021

On 19 April 2021, a subsidiary company, Spring Energy Sdn Bhd ("SESB") received a Writ of Summon and Statement of Claim, both dated 16 April 2021, from six landowners ("Plaintiffs") in relation to a civil suit filed by the Plaintiffs at the Shah Alam High Court. The Plaintiffs were claiming from SESB for the sum of RM3,966,065 being the alleged specific damages suffered by the Plaintiffs and other damages to be assessed by the Court due to the purported damages and/or variation to the quality or nature caused to their lands by SESB, which the Plaintiffs claimed has carried out construction work on the lands without their consent.

SESB had on 8 March 2022 raised a third party claim against the Chairman of the residents' association for the locality which the Plaintiffs are residents and two other individuals ("Third parties") for breach of contract and deceit and misrepresentation respectively. SESB had made a claim that the third parties have breached the agreement to obtain the consent from the Plaintiffs and misrepresented to SESB that they have obtained the consent from the Plaintiffs to commence the construction work on the lands. This suit by SESB against the third parties was subsequently consolidated with the suit by the Plaintiffs.

At the direction and with the leave of the Court, SESB had withdrawn the abovementioned separate suit against the third parties and subsequently on 29 September 2022 has initiated instead a third party notice in the main suit by the Plaintiffs, for SESB to claim against the third parties. The third parties have subsequently filed their application for striking out the third party notice. The Court has dismissed the Striking out application filed by the third parties and fixed the trial dates on 11 to 22 November 2024.

The solicitor are of the opinion that SESB has a good chance to defend the Plaintiffs' claim and/or in succeeding in the third parties' proceedings based on evidence and facts.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by the shareholders of Advancecon at the Registered Office of Advancecon at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1 Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur during normal office hours between Monday and Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming 27th AGM:

- (i) The Constitution of Advancecon;
- (ii) The audited financial statements of Advancecon Group for the pass two (2) financial year ended 31 December 2022 and 31 December 2023, as well as the latest unaudited financial results for the quarter ended 31 December 2023; and
- (iii) The material contract referred to in Section 2 above.