

Circular/Notice to Shareholders

ADVANCECON HOLDINGS BERHAD

Subject CIRCULAR TO SHAREHOLDERS IN RELATION TO THE: (I) PROPOSED ESOS; AND (II) PROPOSED DIVERSIFICATION (COLLECTIVELY, THE "PROPOSALS")

Please refer attachment below.

Attachments

[Advancecon Holdings Berhad - Circular dated 3 December 2024.pdf](#)
2.5 MB

Announcement Info	
Company Name	ADVANCECON HOLDINGS BERHAD
Stock Name	ADVCON
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THIS CIRCULAR IS IMPORTANT AND REQUIRES SHAREHOLDERS' IMMEDIATE ATTENTION.

If shareholders are in any doubt as to the action to be taken, they should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, valuation certificate and report if any, 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 of this Circular.



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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 15% OF THE TOTAL NUMBER OF ORDINARY SHARES OF ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR THE "COMPANY") IN ISSUE ("ADVANCECON SHARES" OR "SHARES") (EXCLUDING TREASURY SHARES, IF ANY) AT ANY ONE TIME DURING THE DURATION OF THE ESOS FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF ADVANCECON AND ITS SUBSIDIARIES ("ADVANCECON GROUP" OR "GROUP") (EXCLUDING DORMANT SUBSIDIARIES AND FOREIGN SUBSIDIARIES INCORPORATED OUT OF MALAYSIA, IF ANY) ("PROPOSED ESOS"); AND**
- (II) **PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESSES OF ADVANCECON GROUP TO INCLUDE THE PROPERTY DEVELOPMENT, PROPERTY INVESTMENT, PROPERTY MANAGEMENT AND RELATED BUSINESSES ("PROPOSED DIVERSIFICATION")**
- (COLLECTIVELY, THE "PROPOSALS")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



TA SECURITIES
AN UNWAVERING COMMITMENT
TA SECURITIES HOLDINGS BERHAD
(Registration No.: 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of Advancecon ("**EGM**") will be conducted on a fully virtual basis through live streaming and remote participation and voting ("**RPV**") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via TIIH Online website at <https://tiih.online> on Wednesday, 18 December 2024 at 10.00 a.m., or at any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

Date and time of the EGM : Wednesday, 18 December 2024 at 10.00 a.m. or at any adjournment thereof

Last date and time for lodging the Form of Proxy : Monday, 16 December 2024 at 10.00 a.m.

You are entitled to attend, participate, speak and vote remotely at the EGM via the RPV facilities provided or to appoint a proxy or proxies (not more than 2) to attend, participate, speak and vote remotely on your behalf. In such event, the completed and signed Form of Proxy must be lodged with our Poll Administrator, Tricor Investor & Issuing House Services Sdn Bhd at its office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, or alternatively to lodge the Form of Proxy electronically via Tricor's TIIH Online website at <https://tiih.online>, not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof. Please refer to the procedures as set out in the Administrative Guide for the electronic lodgement of the Form of Proxy. The lodgement of the Form of Proxy shall not preclude you from attending, participating, speaking and voting remotely at the EGM should you subsequently wish to do so.

This Circular is dated 3 December 2024

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

COMPANIES:

“ADSB”	:	Advancecon Development Sdn Bhd, an indirect wholly-owned subsidiary of Advancecon via AVSB
“Advancecon” or the “Company”	:	Advancecon Holdings Berhad
“Advancecon Group” or the “Group”	:	Advancecon and its subsidiaries, collectively
“AISB”	:	Advancecon Infra Sdn Bhd, a direct wholly-owned subsidiary of Advancecon
“AVSB”	:	Advancecon Ventures Sdn Bhd, a direct wholly-owned subsidiary of Advancecon
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“CLQSSB”	:	CLQ Silvertown Sdn Bhd, a direct 70.00%-owned subsidiary of AVSB
“Perak Corp”	:	Perak Corporation Berhad, a 52.27%-owned subsidiary of PKNPk
“PESB”	:	Perak Equity Sdn Bhd, a wholly-owned subsidiary of PKNPk
“PKNPk”	:	Perak State Development Corporation (Perbadanan Kemajuan Negeri Perak)
“Providence”	:	Providence Strategic Partners Sdn Bhd
“SERB”	:	Spring Energy Resources Berhad, a direct 51.00%-owned subsidiary of Advancecon
“SESB”	:	Spring Energy Sdn Bhd, a direct wholly-owned subsidiary of SERB
“SPSB”	:	S P Setia Berhad
“TA Securities” or “Adviser”	:	TA Securities Holdings Berhad

GENERAL:

“5D-VWAP”	:	5-day volume weighted average market price
“9M-FPE”	:	9-month financial period ended
“Acquisition of SERB”	:	The Group’s acquisition of 51% equity interest of SERB in the FYE 31 December 2022
“Act”	:	Companies Act 2016
“Act 446”	:	Employees’ Minimum Standards of Housing, Accommodations and Amenities Act 1990
“Addendum”	:	Addendum letter to the CA dated 31 May 2023 executed by PKNPk and Advancecon

DEFINITIONS (*CONT'D*)

“Additional Locations”	:	Any other suitable sites located within the state of Perak and registered in the name of PKNPk, apart from the identified Strategic Locations, that PKNPk and Advancecon Group may jointly explore and consider for inclusion in the JV Project during the duration of the JVSA
“Advancecon Shares” or “Shares”	:	Ordinary shares in Advancecon
“Asrama Murni Block A”	:	An existing 4-storey apartment building block constructed on the leasehold land held under Lot 220043 PN 145523, measuring approximately 1.806 acres located along Persiaran Jelapang 4, Jelapang, Ipoh, District of Kinta in the state of Perak and adjacent to Asrama Murni Block B, which is located on the Asrama Murni Land
“Asrama Murni Block B”	:	An existing 4-storey apartment building block constructed on the leasehold land held under Lot 220043 PN 145523, measuring approximately 1.806 acres located along Persiaran Jelapang 4, Jelapang, Ipoh, District of Kinta in the state of Perak, which is located on the Asrama Murni Land
“Asrama Murni CLQs”	:	CLQ projects in Asrama Murni Block A and Asrama Murni Block B
“Asrama Murni Land”	:	2 parcels of leasehold lands measuring approximately 4.613 acres, with 4 existing 4-storey apartment building blocks held under Lot 220043 PN 145523, and Lot 196934 PN 123087, both located at Jelapang, Ipoh, District of Kinta, state of Perak
“AVSB’s Excess”	:	Excess in the event that the capitalisation of the value of the Refurbishment Works by AVSB represented by the Costs of the JV Project exceeds AVSB’s proportion of shareholding in CLQSSB
“BNM”	:	Bank Negara Malaysia
“Board”	:	Board of Directors of the Company
“By-Laws”	:	By-laws governing the Proposed ESOS
“CA”	:	Collaboration agreement dated 10 November 2022 entered into between Advancecon and PKNPk for Advancecon to venture into the Proposed CLQ Development
“CAGR”	:	Compound annual growth rate
“Circular”	:	This circular to the shareholders of Advancecon dated 3 December 2024 in relation to the Proposals
“CLQs”	:	Centralised labour quarters
“Construction and support services”	:	Earthworks and civil engineering services as well as provision of construction materials, earth-moving machineries and transportation
“Costs of the JV Project”	:	Costs and expenses incurred by AVSB for the Refurbishment Works for the Asrama Murni CLQs and the development, construction, operation and maintenance of CLQs to be constructed on the Strategic Locations land/building and/or the Additional Locations land/building
“Date of Offer”	:	Date on which an Offer is made to the Eligible Persons by the ESOS Committee to participate in the Proposed ESOS
“Dato’ Phum”	:	Dato’ Phum Ang Kia

DEFINITIONS (CONT'D)

“Datuk Hoe”	:	Datuk Hoe Mee Ling
“Development”	:	Joint development of the Main Infrastructure for the SVTP Industrial Hub
“Development Cost”	:	A total sum of RM716.96 million comprises of: <ul style="list-style-type: none">(a) PKNPk’s Basic Revenue Share; and(b) the construction costs of the Development as well as fees for the professional persons employed for the Development (excluding penalties, liquidated damages or other amounts withheld from payment to contractors) for a total sum of RM466.52 million, with the scope of the Development being the Subject Sites (as disclosed in Section 3.3 of the Circular)
“Development Reserved Lands”	:	2 parcels of lands, namely Lot 10 PT 253417 and Lot 8 PT 253415 of the Subject Sites, which is to be developed by ADSB pursuant to the JDA, with Lot 10 PT 253417 being excluded from the net saleable area of the Subject Sites while Lot 8 PT 253415 being part of the net saleable area of the Subject Sites
“Director(s)”	:	Has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and in relation to the Proposals shall include any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon: <ul style="list-style-type: none">(a) a director of the Company, its subsidiary or holding company; and(b) a chief executive of the Company, its subsidiary or holding company
“DOSM”	:	Department of Statistics Malaysia
“ECRL”	:	East Coast Rail Line
“E&E”	:	Electrical and electronics
“Effective Date”	:	The date of full compliance with all relevant requirements of the Listing Requirements in relation to the Proposed ESOS, whereupon the Proposed ESOS shall come into force
“EGM”	:	Extraordinary General Meeting of the Company
“Eligible Director(s)”	:	Executive director(s) of the Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any) who meet the criteria of eligibility for participation in the Proposed ESOS
“Eligible Person(s)”	:	Eligible Directors and employee(s) of the Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any) who meet the criteria of eligibility for participation in the Proposed ESOS
“EPCC”	:	Engineering, procurement, construction and commissioning
“EPS”	:	Earnings per Share
“ESOS”	:	Employees’ share option scheme
“ESOS Committee”	:	A committee duly authorised and appointed by the Board to administer the Proposed ESOS in accordance with the provisions of the By-Laws

DEFINITIONS (CONT'D)

“ESOS Option(s)”	:	Option(s) with right to subscribe for new Advancecon Shares to be granted under the Proposed ESOS in accordance with the provisions of the By-Laws
“FYE”	:	Financial year ended / financial year ending
“GDP”	:	Gross Domestic Product
“GDV”	:	Gross Development Value
“Grantee(s)”	:	Eligible Person(s) who has/have accepted the Offers
“IMR Report”	:	Independent market researcher report on the overview and outlook of the property investment industry in the state of Perak and the CLQ industry in Malaysia by Providence dated 2 December 2024
“Industrial Lot(s)”	:	Industrial lot(s) of the SVTP Industrial Hub completed with the Main Infrastructure (excluding Lot 10 PT 253417)
“Interested Parties”	:	Any Eligible Person, who is an Eligible Director, a major shareholder or a chief executive of the Company or its holding company
“JDA”	:	Joint development agreement dated 8 January 2024 entered into between Perak Corp and ADSB
“JV Project”	:	The collaboration between PKNPk and Advancecon pursuant to the JVSA in relation to the Proposed CLQ Development to jointly undertake the development, construction, operation and maintenance of CLQs at the Strategic Locations and Additional Locations in the state of Perak, to meet the needs and requirements of industrial manufacturers in the state of Perak for suitable accommodation for their workforce
“JVA”	:	Joint venture agreement dated 8 January 2024 entered into between Perak Corp and PKNPk in relation to the Proposed Joint Development
“JVC”	:	Joint venture company
“JVSA”	:	Joint venture cum shareholders’ agreement dated 15 July 2024 entered into between AVSB and PESB in relation to the Proposed CLQ Development
“Kamunting Land”	:	A parcel of leasehold land measuring approximately 3.776 acres held under HS(D) 33743, PT No. 25932 in Kamunting, Mukim of Asam Kumbang, District of Larut Matang and Selama, state of Perak
“LAT”	:	Loss after tax
“LBT”	:	Loss before tax
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	27 November 2024, being the latest practicable date prior to the printing of this Circular
“LPS”	:	Loss per Share
“Main Infrastructure”	:	Roads and related ancillary works, side tables of the roads, drains, sewerage systems, gas and water reticulation systems, electrical cables, street lightnings, water pipes, telephone cables, sewer lines, manholes and covers and any other related ancillary work

DEFINITIONS (*CONT'D*)

“Maximum Limit”	:	15% of the total number of issued Shares (excluding treasury shares, if any) at any point in time during the duration of the ESOS
“MDA”	:	Master development agreement dated 31 March 2023 entered into between Perak Corp and PKNPk
“MFRS 2”	:	Malaysian Financial Reporting Standard 2 – Share-based Payment
“MOF”	:	Ministry of Finance
“NA”	:	Net assets
“NAPIC”	:	National Information Property Centre
“Nett Development Value”	:	GDV of the Development less the Development Cost before tax and including reimbursement of the development and construction costs for Lot 10 PT 253417
“Non-Development Lands”	:	3 parcels of lands, namely Lot 45 PT 253451, Lot 46 PT 253452 and Lot 47 PT 253453 of the Subject Sites, which are vacant lands located within the 1 st development phase of the Subject Sites. These parcels of lands, while overlapping with the total land area of the Subject Sites, are excluded from the scope of the Development and do not contribute to the total land area of the Subject Sites
“Notice to Transfer”	:	Written notice issued by CLQSSB to PKNPk to effect the transfer of the PKNPk’s lands for the Strategic Locations and/or Additional Locations upon fulfilment of the conditions in the Option to Acquire Agreement
“Offer(s)”	:	Written offer(s) made by the ESOS Committee to participate in the Proposed ESOS
“Option Price”	:	Price payable for the subscription of new Advancecon Shares upon exercise of ESOS Options under the Proposed ESOS
“Option to Acquire Agreement”	:	<p>An agreement encompassing the following to be executed by PKNPk and CLQSSB:</p> <ul style="list-style-type: none"> (a) grant of the right to CLQSSB to undertake the JV Project on the relevant PKNPk’s lands for the Strategic Locations or Additional Locations; (b) grant of the right to CLQSSB to charge the relevant lands for the Strategic Locations or Additional Locations as security in respect of any loan granted for financing the development of the JV Project; and (c) grant of the right to CLQSSB to acquire the relevant lands for the Strategic Locations or Additional Locations, subject to PKNPk’s receipt of the Notice to Transfer before the expiry of the 3 years option period from the date of the Option to Acquire Agreement
“PAT”	:	Profit after tax
“PBT”	:	Profit before tax
“Perak Corp’s Revenue Share”	:	A sum equivalent to 35% of the Nett Development Value, including the amount equivalent to 10% (or any other percentage as mutually agreed from time to time) payment from the proceeds of sales for each Industrial Lot sold to end-purchasers and after deduction of the advances paid by ADSB on behalf of Perak Corp under the JDA (if any)

DEFINITIONS (CONT'D)

“Persons Connected”	:	A person connected with any of the Interested Parties, as set out in Paragraphs 1.01 and/or 6.37(4)(b) of the Listing Requirements
“PKNPk’s Basic Revenue Share”	:	A total sum of RM250.44 million equivalent to RM9.70 per square foot of each of the Industrial Lots sold to end-users, subject to applicable deductions pursuant to the terms of the JDA
“PN17”	:	Practice Note 17 of the Listing Requirements
“Property Businesses”	:	Property development, property investment, property management and related businesses, collectively
“Property investment”	:	Property investment services which include sales of investment properties for capital gain and rental of investment properties
“Proposals”	:	Proposed ESOS and Proposed Diversification, collectively
“Proposed CLQ Development”	:	Proposed venture into the refurbishment, renovation and management of CLQs in the state of Perak
“Proposed Developments”	:	Proposed CLQ Development and Proposed Joint Development, collectively
“Proposed Diversification”	:	Proposed diversification of the existing businesses of Advancecon Group to include the Property Businesses
“Proposed ESOS”	:	Proposed establishment of an ESOS of up to the Maximum Limit at any one time during the duration of the ESOS for the Eligible Persons
“Proposed Joint Development”	:	Proposed venture into the property development projects in the SVTP Industrial Hub
“RE”	:	Development and/or operation of power generation from renewable energy, solar and other renewable energy projects
“Regularisation Plan”	:	The proposed regularisation plan to be submitted by Perak Corp to Bursa Securities and to be implemented upon obtaining approvals from Bursa Securities, the shareholders of Perak Corp and/or other relevant authorities, with the objective of uplifting Perak Corp from its existing classification as a PN17 issuer
“Refurbishment Works”	:	Refurbishment, upgrading and repair works
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Seri Iskandar Land”	:	A parcel of leasehold land measuring 15.117 acres held under Lot No. 264, PN 339806, Seri Iskandar, District of Perak Tengah, state of Perak
“SKVE”	:	South Klang Valley Expressway
“State Authority”	:	The relevant governmental authority, body or agency empowered and having jurisdiction over the lands in the state of Perak pursuant to the provisions of the National Land Code
“Strategic CLQ Developments”	:	Proposed CLQ Development at the Strategic Locations and Additional Locations in the state of Perak
“Strategic Locations”	:	The Seri Iskandar Land, Kamunting Land and Asrama Murni Land, collectively

DEFINITIONS (*CONT'D*)

“Subject Sites”	:	The area comprising amongst others the Industrial Lots and Development Reserved Lands while excluding the Non-Development Lands, measuring approximately 746.73 acres and held under 39 parcels of lands in Mukim of Hulu Kinta, District of Kinta, state of Perak
“SVTP Industrial Hub”	:	Silver Valley Technology Park Industrial Hub
“Termination Date”	:	Effective date of termination of the Proposed ESOS
“WCE”	:	West Coast Expressway
“YB”	:	Yang Berhormat
“YBhg”	:	Yang Berbahagia
“YBrS”	:	Yang Berusaha

All references to “the Company” in this Circular are to Advancecon, references to “the Group” are to the Company and its subsidiaries. All references to “you” in this Circular are to the shareholders of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating 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 Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY SETS OUT SALIENT INFORMATION ON THE PROPOSALS. PLEASE READ THIS CIRCULAR AND ITS APPENDICES CAREFULLY FOR FURTHER DETAILS ON THE PROPOSALS BEFORE VOTING.

The Board is recommending the shareholders of the Company to vote **in favour** of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.

Proposed ESOS											
Details	The Proposed ESOS will entail the establishment of an ESOS of up to 15% of the total number of issued Shares (excluding treasury shares, if any) at any one time during the duration of the ESOS for the Eligible Persons. The Option Price shall be based on the 5D-VWAP of Advancecon Shares immediately preceding the Date of Offer, with a discount of not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS).										
	Please refer to Section 2 of this Circular for further details.										
Rationale	The Proposed ESOS is intended to achieve the following objectives: (i) to drive and motivate the Eligible Persons to work towards achieving the Group’s goals and objectives; (ii) to reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group; (iii) to retain the Eligible Persons by giving them a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company and thereby provides an incentive for the Eligible Persons to participate in the future growth of the Group and motivate them towards better performance through greater productivity and loyalty; (iv) to align the interests of the Eligible Persons, including management personnel of the Group, with the interests of the shareholders via direct participation in the equity of the Company; and (v) to attract and retain high-calibre Eligible Persons, as well as mitigating and reducing the risk of loss of key personnel. Please refer to Section 4.1 of this Circular for further details.										
Approvals required	Bursa Securities had, vide its letter dated 19 November 2024, approved the listing and quotation for such number of new Shares, representing up to 15% of the total number of issued Shares (excluding treasury shares, if any) to be issued pursuant to the exercise of ESOS Options under the Proposed ESOS on the Main Market of Bursa Securities, subject to the conditions as stated in Section 10 of this Circular. The Proposed ESOS is subject to approval from the shareholders of Advancecon at the forthcoming EGM and approval from any other relevant regulatory authorities and/or parties, if required. Please refer to Section 10 of this Circular for further details.										
Proposed Diversification											
Details	The Company intends to seek its shareholders’ approval for the Proposed Diversification to include the Property Businesses. The summary of the Proposed CLQ Development and the Proposed Joint Development are as follows:										
	<table><tr><th>No.</th><th>Description</th><th>Proposed CLQ Development</th><th>Proposed Joint Development</th></tr><tr><td>1.</td><td>Parties involved in the development</td><td>AVSB, PESB and CLQSSB</td><td>Perak Corp and ADSB</td></tr></table>	No.	Description	Proposed CLQ Development	Proposed Joint Development	1.	Parties involved in the development	AVSB, PESB and CLQSSB	Perak Corp and ADSB		
No.	Description	Proposed CLQ Development	Proposed Joint Development								
1.	Parties involved in the development	AVSB, PESB and CLQSSB	Perak Corp and ADSB								

EXECUTIVE SUMMARY (CONT'D)

Proposed Diversification (Cont'd)				
Details	No.	Description	Proposed CLQ Development	Proposed Joint Development
	2.	Role of Advancecon and / or its subsidiaries in the development	CLQSSB is responsible for the construction, refurbishment, and operational management of CLQs	ADSB will manage the development, construction of the Main Infrastructure on the Subject Sites Advancecon and Perak Corp will jointly undertake development and sale of the Industrial Lots
	3.	Whether involving land or proprietorship injection to Advancecon Group from PKNPk's group of companies	Yes	No
	4.	Whether subject to the Regularisation Plan	No	Yes
	5.	Duration of development	Commencement date: 10 November 2022 Expected completion date: December 2027	Expected commencement date: 1 st quarter of 2025 Expected completion date: 1 st quarter of 2030
	6.	Conditionality of the Proposed Developments	Subject to obtaining necessary regulatory approvals as stipulated in the JVSA	Conditional upon the approval of Perak Corp's Regularisation Plan and fulfillment of the conditions precedent under the JDA
	Please refer to Section 3 of this Circular for further details.			
Rationale	The Proposed Diversification will facilitate the entry of the Group into the Property Businesses which will provide new sources of revenue and income stream for the future growth of our Group. Please refer to Section 4.2 of this Circular for further details.			

EXECUTIVE SUMMARY (CONT'D)

Proposed Diversification (Cont'd)	
Risk factors	<p><u>Business diversification risk</u> The Proposed Diversification may expose the Group to risks inherent in the Property Businesses, which include, competition from existing and established property developers as well as new market entrants to the property development industry, changes in law and tax regulations and changes in business and credit conditions.</p> <p><u>Fluctuations on construction material price</u> The Proposed Diversification may expose the Group to risks of increase in the prices or unavailability of these construction materials or supplies in the local market, which may result in an increase in the overall operational costs for the Property Businesses.</p> <p><u>Borrowings and financing risks</u> The Group's ability to expand its business operation in the Property Businesses is dependent upon continued capital expenditures, which include the purchase of heavy machinery and equipment.</p> <p><u>Competition risks</u> Being a new entrant into the Property Businesses, the Group faces competition from both new entrants and existing players in the Property Businesses which may be capable of offering similar services.</p> <p><u>Dependency on key personnel</u> The success of the Property Businesses depends largely on the skills, abilities, competencies and continued effort of its experienced personnel. The sudden departure of the said personnel without suitable and timely replacement, or the inability of the Group to attract and retain other qualified personnel, may adversely affect the Group's Property Businesses and consequently, the Group's revenue and profitability.</p> <p><u>Political, economic, market and regulatory risks</u> Any adverse development in the political situation and economic uncertainties in Malaysia could materially and adversely affect the financial performance of the Group despite the Group taking necessary measures, amongst others, keeping abreast with local policies and laws as well as seeking professional legal advice prior to committing to new projects.</p> <p><u>Risk of advances to be given out by Advancecon Group under the Proposed Developments</u> Under the Proposed Developments, the Group may be required to provide advances for the development activities of the Proposed Developments. This may result in a significant outflow of funds, thereby impacting the Group's cash flow and working capital.</p> <p><u>Risk of delays of the implementation of Perak Corp's Regularisation Plan</u> The implementation of Perak Corp's Regularisation Plan is contingent upon receiving relevant regulatory approvals as well as approval from its shareholders. Any further delays in obtaining these approvals may impact the Group's business strategies and future expansion plans for the Proposed Joint Development.</p> <p>Please refer to Section 6 of this Circular for further details.</p>
Approvals required	<p>The Proposed Diversification is subject to approval from the shareholders of Advancecon at the forthcoming EGM and approval from any other relevant regulatory authorities and/or parties, if required.</p> <p>Please refer to Section 10 of this Circular for further details.</p>
General	
Inter-conditionality	<p>The Proposed ESOS and Proposed Diversification are not inter-conditional. The Proposals are not conditional upon any other corporate exercise/scheme of the Company.</p> <p>Please refer to Section 11 of this Circular for further details.</p>



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
Wilayah Persekutuan Kuala Lumpur

3 December 2024

Board of Directors

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

To: The shareholders

Dear Sir / Madam,

(I) PROPOSED ESOS; AND

(II) PROPOSED DIVERSIFICATION

(COLLECTIVELY, THE "PROPOSALS")

1. INTRODUCTION

On 26 August 2024, TA Securities announced on behalf of the Board that the Company proposed to undertake the Proposals.

Bursa Securities had, vide its letter dated 19 November 2024, approved the listing and quotation for such number of new Shares, representing up to 15% of the total number of issued Shares (excluding treasury shares, if any) to be issued pursuant to the exercise of ESOS Options under the Proposed ESOS on the Main Market of Bursa Securities, subject to the conditions as stated in **Section 10** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE SHAREHOLDERS WITH DETAILS ON THE PROPOSALS, TO SET OUT THE BOARD'S RECOMMENDATION AND TO SEEK SHAREHOLDERS APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTIONS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ESOS

The Proposed ESOS will involve the granting of ESOS Options to the Eligible Persons to subscribe for new Advancecon Shares at the Option Price in accordance with the By-Laws. The Proposed ESOS will be administered by the ESOS Committee. The estimated expenses for the Proposed ESOS are approximately RM175,000.

For the information of our shareholders, an ESOS was approved by our shareholders previously on 18 January 2018 and was in force for a period of 5 years from 6 March 2018 and expired on 5 March 2023.

The salient terms and conditions of the Proposed ESOS, which are governed by the By-Laws are as follows:

2.1 Maximum number of new Advancecon Shares available under the Proposed ESOS

The maximum number of new Advancecon Shares, which may be allotted and issued pursuant to the exercise of the ESOS Options granted under the Proposed ESOS shall not, in aggregate, exceed the Maximum Limit.

2.2 Basis of allotment and maximum allowable allotment of new Advancecon Shares

Subject to the Maximum Limit and any adjustment which may be made under the By-Laws, the aggregate maximum number of ESOS Options that may be allocated to an Eligible Person at any time in each Offer shall be determined by the ESOS Committee at its sole and absolute discretion after taking into consideration, amongst other factors, the Eligible Person's employment grade, seniority, designation, length of service, work performance, contribution and potential contribution to the continued success of the Group and/or such other factors that the ESOS Committee may deem relevant, subject to the following conditions:

- (i) the allocation to an Eligible Person who, either singly or collectively through Persons Connected with him/her, holds 20% or more of the total number of issued Shares (excluding treasury shares, if any), shall not exceed 10% of the total number of new Shares to be issued under the Proposed ESOS;
- (ii) not more than 70% of the total number of Shares available to be issued under the Proposed ESOS shall be allocated, in aggregate, to the Eligible Directors and senior management of the Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any) who are eligible to participate in the Proposed ESOS;
- (iii) the Eligible Directors and senior management of Advancecon Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any) shall not participate in the deliberation or discussion of their own allocation of ESOS Options as well as allocation to Persons Connected with them; and
- (iv) any performance target to be achieved before the ESOS Options can be granted and/or exercised by an Eligible Person shall be determined by the ESOS Committee,

provided always that it is in accordance with the Listing Requirements, or any prevailing guidelines, rules and/or regulations issued by Bursa Securities and/or any other relevant authorities, as may be amended from time to time.

The decision as to whether to stagger the allocation and granting of the ESOS Options to the Eligible Persons during the duration of the ESOS will be determined by the ESOS Committee at a later date. The ESOS Committee may at its sole and absolute discretion decide whether the ESOS Options will be subject to any vesting period, and if so, to determine the vesting conditions, including but not limited to whether such vesting conditions are subject to performance target, all of which will be determined at a later date after the establishment of the ESOS and the formation of the ESOS Committee.

In the event any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of their own allocation of the ESOS Options as well as allocation of the ESOS Options to Persons Connected with him/her.

2.3 Eligibility

Subject to the sole and absolute discretion of the ESOS Committee, whose decision shall be final and binding, only Eligible Persons who fulfil the following criteria as at the Date of Offer shall be eligible to participate in the Proposed ESOS:

- (i) in respect of an employee of the Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any), the employee must fulfil the following criteria as at the Date of Offer:
 - (a) is at least 18 years of age;
 - (b) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (c) is an employee employed on a full-time basis for at least 6 months (or such other period as may be determined by the ESOS Committee) on the payroll of any company within the Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any), whose employment has been confirmed, irrespective of whether he/she was transferred to a subsidiary within the Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any), in which case he/she must have been a confirmed employee in that subsidiary within the Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any), and has not served a notice of resignation or received a notice of termination;
 - (d) has not participated in any other employees' share option scheme or employees' share issuance scheme implemented by any subsidiary within the Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any), which is in force for the time being; and
 - (e) fulfils such other eligibility criteria and/or falls within such grade or category as may be determined by the ESOS Committee from time to time; and
- (ii) in respect of an Eligible Director, the Eligible Director must fulfil the following criteria as at the Date of Offer:
 - (a) is at least 18 years of age;
 - (b) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (c) has been appointed for at least 6 months (or such other period as may be determined by the ESOS Committee) and remains appointed as an executive director of the Company and/or a subsidiary within the Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any);
 - (d) has not participated in any other employees' share option scheme or employees' share issuance scheme implemented by any subsidiary within the Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any), which is in force for the time being; and
 - (e) fulfils such other eligibility criteria and/or falls within such grade or category as may be determined by the ESOS Committee from time to time.

As at the LPD, none of the Group's subsidiaries are listed on any stock exchange and at this juncture, the Group does not have any intention to implement ESOS or employees' share issuance scheme at the subsidiary level of the Group.

The ESOS Committee may, at its sole and absolute discretion, determine additional criteria on eligibility and allocation of the ESOS Options to the Eligible Persons from time to time, and such criteria shall be made available to the Eligible Persons. An Eligible Person must fulfil such criteria and/or fall within such category or designation of employment as may be determined by the ESOS Committee, whose decision shall be final and binding.

The ESOS Committee may, at its sole and absolute discretion, waive any conditions of eligibility in cases of exceptional merit, demonstrated potential or such other circumstances where the ESOS Committee has determined additional or specific eligibility and allocation criteria. Where such additional criteria have been determined by the ESOS Committee, waivers may be granted for such additional criteria at the sole and absolute discretion of the ESOS Committee.

If any Interested Parties or Persons Connected is eligible to participate in the Proposed ESOS, the specific allocation of ESOS Options granted by the Company to such Interested Parties and/or Persons Connected with them under the Proposed ESOS must first be approved by the shareholders of the Company at a general meeting, provided that such Interested Parties and/or Persons Connected with them shall not vote on the resolution approving their respective allocation and/or allocation to Persons Connected with them.

Eligibility under the Proposed ESOS shall not confer an Eligible Person a claim or right to participate in or any rights whatsoever under the Proposed ESOS and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Options unless an Offer has been made in writing by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the provisions of the By-Laws.

The ESOS Committee shall have the sole and absolute discretion to determine whether an Eligible Person participating in the Proposed ESOS shall at any one point in time participate or be eligible to participate in any other employees' share option scheme or employees' share issuance scheme implemented by any other company within the Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any). Such participation shall be subject to the rules and regulations governing employees' share option schemes or employees' share issuance schemes as promulgated by Bursa Securities or any other relevant authorities.

2.4 Option Price

Subject to any adjustment made in accordance with the By-Laws and pursuant to the Listing Requirements, the Option Price shall be based on the 5D-VWAP of Advancecon Shares immediately preceding the Date of Offer, with a discount of not more than 10% (or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time during the duration of the ESOS), as determined by the Board upon recommendation of the ESOS Committee. The Option Price as determined by the Board shall be conclusive and binding on all Grantees, subject to any adjustment that may be made in accordance with the By-Laws.

2.5 Ranking of the new Advancecon Shares to be allotted and issued pursuant to the exercise of the ESOS Options

The new Advancecon Shares to be allotted and issued arising from the exercise of any ESOS Options granted under the Proposed ESOS will be subject to the provisions of the Constitution of the Company and shall, upon allotment and issuance, rank equally in all respects with the then existing Advancecon Shares, save and except that the holders of such new Advancecon Shares will not be entitled to any dividends, rights, allotments and/or any other form of distributions that may be declared, made or paid to the Company's shareholders, the entitlement date of which precedes the relevant date of allotment and issuance of such new Advancecon Shares.

2.6 Duration of the Proposed ESOS

The Proposed ESOS shall be in force for a period of 5 years from the Effective Date. On or before the expiry of the initial 5-year period, the Proposed ESOS may be extended for a further period of up to 5 years, at the sole and absolute discretion of the Board upon the recommendation of the ESOS Committee, subject always that the initial period and such extension of the Proposed ESOS shall not in aggregate exceed a duration of 10 years (or such other period as may be prescribed by Bursa Securities in compliance with the Listing Requirements or any other relevant authorities) from the Effective Date.

For the avoidance of doubt, no further sanction, approval or authorisation of the Company's shareholders in a general meeting is required for any such extension. In the event the Proposed ESOS is extended in accordance with the provision of the By-Laws, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make the necessary announcements to Bursa Securities within 30 days prior to the expiry of the initial 5-year period.

2.7 Termination of the Proposed ESOS

Subject to compliance with the requirements of Bursa Securities and any other relevant regulatory authorities' requirements, guidelines or directives and in accordance with Paragraph 8.18(1)(a) of the Listing Requirements, the By-Laws provide that the Proposed ESOS may be terminated by the Company at any time before its expiry without obtaining the approvals or consents from the Grantees or its shareholders, provided that the Company makes an announcement immediately to Bursa Securities.

In the event of termination of the ESOS, the following provisions shall apply:

- (i) no further Offers shall be made by the ESOS Committee from the Termination Date;
- (ii) all Offers which have yet to be accepted by the Eligible Persons shall automatically lapse on the Termination Date;
- (iii) all Offers, ESOS Options and/or new Advancecon Shares which have yet to be vested in the Eligible Persons shall automatically lapse on the Termination Date; and
- (iv) all outstanding ESOS Options which have yet to be exercised by the Grantees shall automatically lapse on the Termination Date and become null and void.

2.8 Rights of Grantee

The ESOS Options shall not carry any rights to vote at any general meeting of the Company, or to participate in any dividends, rights, allotments or any other form of distributions that may be declared, made or paid, or offer of further securities in the Company, unless and until the Grantee exercises the ESOS Options granted to him/her and the new Shares pursuant to the exercise of the ESOS Options have been allotted and issued to the Grantee.

2.9 Retention period

The ESOS Committee shall be entitled to prescribe or impose, in relation to any Offers, any conditions relating to any retention period or restriction on transfer, disposal and/or assignment of the new Advancecon Shares to be issued pursuant to the exercise of the ESOS Options as it deems fit. The new Advancecon Shares to be allotted and issued to the Grantees pursuant to the exercise of the ESOS Options will not be subject to any retention period or restriction on transfer, disposal and/or assignment, unless otherwise stated in the Offer as may be determined by the ESOS Committee from time to time at its sole and absolute discretion. However, the Grantees are encouraged to hold the new Advancecon Shares as investment rather than for any speculative purposes and/or for the realisation of any immediate gain.

2.10 Amendment and/or modification to the Proposed ESOS

Subject to the compliance with the By-Laws and the Listing Requirements and any other relevant rules and regulations, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to and/or deletions of the By-Laws as it shall at its sole and absolute discretion thinks fit, and the Board shall have the power at any time and from time to time by resolution to add to, amend, modify and/or delete all or any of the By-Laws upon such recommendation by the ESOS Committee, subject to the Company submitting a letter of compliance together with the amended By-Laws to Bursa Securities each time an amendment and/or modification is made, stating that the amendment and/or modification is in compliance with the provisions of the Listing Requirements and Rules of Bursa Malaysia Depository Sdn Bhd pertaining to the Proposed ESOS.

The approval of shareholders of the Company in a general meeting shall not be required in respect of additions, modifications or amendments to or deletions of the By-Laws, save and except if such additions, modifications or amendments to or deletions would:

- (i) materially prejudice any rights which would have accrued to any Grantee without the prior consent of that Grantee;
- (ii) increase the number of new Shares available beyond the Maximum Limit under the Proposed ESOS; and
- (iii) alter any matters which are required to be contained in the By-Laws by virtue of the Listing Requirements to the advantage of the Eligible Persons, group of Eligible Persons or all the Eligible Persons.

2.11 Alteration of share capital and adjustment

In the event of any alteration in the capital structure of the Company during the duration of the Proposed ESOS, whether by way of a capitalisation issue, rights issue, bonus issue, consolidation or subdivision of Advancecon Shares or capital reduction or any other variation of capital, Advancecon shall cause such adjustment to be made to the number of new Shares comprised in the ESOS Options granted to each Grantee (excluding the ESOS Options already exercised) and/or Option Price in accordance with the provisions of the By-Laws.

2.12 Utilisation of proceeds

The proceeds arising from the exercise of the ESOS Options, if any, will be used as general working capital of Advancecon Group, as and when the proceeds are received throughout the duration of the Proposed ESOS, as the Board may deem fit. The proceeds for general working capital will be utilised to finance the Group's day-to-day general working capital requirements as well as general expenses, including but not limited to staff costs, office rental costs and utilities expenses.

The detailed allocation to each component of working capital cannot be determined at this juncture as these will depend on the timing and the number of ESOS Options granted and exercised at the relevant points of time and the Option Price.

3. DETAILS OF THE PROPOSED DIVERSIFICATION

3.1 Details of the Proposed Diversification

As at the LPD, the Group is principally involved in the following business activities:

- (a) Construction and support services;
- (b) RE;
- (c) construction and refurbishment of CLQs;
- (d) Property investment; and

(e) quarry operations, namely the contract quarry operation, marketing and selling of quarry products as well as quarry management.

The financial results for the existing principal business activities of Advancecon Group for the past 3 financial years up to the FYE 31 December 2023 as well as the 9M-FPEs 30 September 2023 and 30 September 2024 are as follows:

Revenue

	(Audited)						(Unaudited)			
	FYE 31 December						9M-FPE 30 September			
	2021		2022		2023		2023		2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Construction and support services	267,994	98.96	282,208	66.82	273,328	60.77	222,674	63.06	137,943	48.79
Property investment	607	0.22	509	0.12	388	0.09	285	0.08	377	0.13
RE	2,201	0.81	388	0.09	310	0.07	238	0.07	235	0.08
Construction and refurbishment of CLQs	N/A ⁽¹⁾	-	17	-	654	0.15	484	0.14	607	0.21
Quarry operations	N/A ⁽¹⁾	-	139,228	32.97	175,085	38.93	129,420	36.65	143,544	50.79
TOTAL	270,802	100.00	422,350	100.00	449,765	100.00	353,101	100.00	282,706	100.00

PBT/LBT

	(Audited)						(Unaudited)			
	FYE 31 December						9M-FPE 30 September			
	2021		2022		2023		2023		2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Construction and support services	4,274	107.47	(8,352)	43.54	(20,267)	47.20	6,698	927.70	(16,718)	88.89
Property investment	(348)	(8.75)	(699)	3.64	(857)	2.00	(684)	(94.74)	(561)	2.98
RE	51	1.28	147	(0.77)	(64)	0.15	332	45.98	(822)	4.37
Construction and refurbishment of CLQs	N/A ⁽¹⁾	-	(90)	0.47	(257)	0.60	62	8.59	(1,177)	6.26
Quarry operations	N/A ⁽¹⁾	-	(10,140)	52.86	(21,164)	49.29	(5,549)	(768.56)	1,049	(5.58)
Adjustments and eliminations	-	-	(50)	0.26	(330)	0.77	(137)	(18.97)	(579)	3.08
TOTAL	3,977	100.00	(19,184)	100.00	(42,939)	100.00	722	100.00	(18,808)	100.00

PAT/LAT

	(Audited)						(Unaudited)			
	FYE 31 December						9M-FPE 30 September			
	2021		2022		2023		2023		2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Construction and support services	2,370	115.61	(6,041)	33.01	(22,301)	48.61	3,857	(139.85)	(16,908)	88.73
Property investment	(348)	(16.98)	(699)	3.82	(857)	1.87	(684)	24.80	(561)	2.94
RE	28	1.37	100	(0.55)	(140)	0.31	275	(9.97)	(895)	4.70
Construction and refurbishment of CLQs	N/A ⁽¹⁾	-	(90)	0.49	(281)	0.61	15	(0.54)	(1,177)	6.18
Quarry operations	N/A ⁽¹⁾	-	(11,727)	64.07	(22,046)	48.06	(6,118)	221.83	925	(4.85)
Adjustments and eliminations	-	-	154	(0.84)	(250)	0.54	(103)	3.73	(440)	2.30
TOTAL	2,050	100.00	(18,303)	100.00	(45,875)	100.00	(2,758)	100.00	(19,056)	100.00

(Source: Management of the Company and annual reports or quarterly results of the Group for the respective financial years/periods under review)

Notes:

N/A Not available.

(1) On 17 June 2021, the Company announced the acquisition of 51% equity interest of SERB, for a total purchase consideration of RM30,400,000 to be satisfied via a combination of cash payment of RM15,220,000 and the remaining purchase consideration of RM15,180,000 to be satisfied via an issuance and allotment of 33,000,000 new Shares at the issue price of RM0.46 per Share. The circular to shareholders in relation to the Acquisition of SERB was despatched to the shareholders of the Company on 11 October 2021 and subsequently the shareholders' approval was obtained on 26 October 2021. The Company diversified into quarry operations and ventured into the business of construction and management of CLQs during the FYE 2022. Hence the segmental information for such segments are not available for the FYE 2021.

The Group recorded growth in revenue during the financial years under review from RM270.80 million for the FYE 31 December 2021 to RM449.77 million for the FYE 31 December 2023, representing approximately 22.03% average annual growth of revenue per annum in the past 3 FYEs, which is mainly attributed to the construction and support services and quarry operations, in which the Group had diversified into in October 2021.

Despite the Group's growth in revenue, the Group's existing businesses have also recorded increased LAT due to the unfavourable financial performance of these business segments.

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The Group's financial performance for the FYE 31 December 2023 and the 9M-FPE 30 September 2024 was affected by, amongst others, the following factors which are beyond the control of the Group:

(i) Significant increase in costs of construction materials

The construction industry is heavily affected by rise in the costs of construction materials. Despite the increase in revenue in the FYE 31 December 2023 compared to the FYE 31 December 2022, the significant increase in the prices of construction materials such as steel, cement and sand had a direct impact on the Group's cost of sales and caused the Group's construction and support services segment to register the highest LAT amongst its existing businesses for the FYE 31 December 2023 and the 9M-FPE 30 September 2024.

The price surge of such materials, driven by global supply chain disruptions and heightened demand, has led to increased project costs for various construction projects.

(ii) Extended completion timeframes of several construction projects

The Group had faced delays in the completion of several key construction projects including the WCE and the ECRL, as the project timelines were extended beyond the initially planned schedules. These delays were attributed to various factors including supply chain disruptions, labour shortages and adverse weather conditions. The extended timeframes led to increased overheads and additional costs, thereby impacting the Group's financial performance and straining available financial resources, further exacerbating the losses in the construction and support services segment.

(iii) Impact of impairments and tribute payments on the quarry operations segment

The quarry operations segment was significantly affected by impairments and recurring tribute payments for mining rights. In the FYE 2023, the Group recorded RM9.22 million in non-recurring impairments related to advances made to third parties for quarry rights to operate quarries on their lands as well as RM0.15 million in impairments of accounts receivables, both of which contributed to 41.82% and 0.08% of the total losses in the quarry operations segment in the FYE 2023. These factors, combined with operating losses, contributed to the significant LAT recorded in the quarry operations segment and had a substantial negative impact on the Group's overall financial performance for the FYE 31 December 2021 to the FYE 31 December 2023. The quarry operations segment realised a PAT of RM0.93 million during the 9M-FPE 30 September 2024, mainly due to a one off non-operating gain from the disposal of quarry assets amounting to RM4.60 million, which is in line with the Group's strategic optimisation to focus on larger, more profitable quarries and to reduce potential future losses from smaller, less profitable quarries, improving the segment's overall outlook. Excluding this one-off gain, the quarry operations segment reported a loss of RM3.67 million, mainly due to subdued demand for quarry materials and increased market competition for quarry materials.

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As at the LPD, the Group has recently completed several construction projects, as follows:

Name and description of the construction projects	Location of the construction projects	Role of the Group	Contract value (RM in million)	Commencement date	Completion date
Construction and completion of subgrade, drainage works, and culvert works from CH376+760 to CH382+597, Section 6, Maran ⁽¹⁾	Maran, Pahang	Sub-contractor	34.00	7 September 2020	29 April 2024
Construction and completion of subgrade, drainage works, and culvert works from CH382+993 to CH389+825, Section 6, Maran ⁽¹⁾	Maran, Pahang	Sub-contractor	59.00	7 September 2020	8 May 2024
Construction and completion of subgrade works from chainage CH215+499 to CH224+086, Section 4, Dungun ⁽¹⁾	Dungun, Terengganu	Sub-contractor	34.00	1 March 2021	16 February 2024
Construction and completion of subgrade works from chainage CH192+796 to CH210+460, Section 4, Dungun	Dungun, Terengganu	Sub-contractor	44.70	30 September 2021	24 August 2024
Construction and completion of earthworks from Dungun Station CH207+400, Section 4, Dungun	Dungun, Terengganu	Sub-contractor	4.10	26 August 2023	18 July 2024
Civil, building, ancillary mechanical and electrical works (for Building), and Earthworks for the EPCC development of 26 megawatt large scale solar photovoltaic plant, Kuala Langat, Tanjung Dua Belas	Tanjung Dua Belas, Selangor	Sub-contractor	8.27	1 March 2023	29 February 2024
Earthworks and ancillary works for Package 2F, Phase A10, Serenia City, Sepang	Serenia City, Selangor	Main contractor	20.39	14 June 2021	30 June 2024
Civil works for Section 1 (Banting Interchange to SKVE Interchange) ⁽²⁾	Banting, Selangor	Main contractor	250.53	5 December 2016	14 February 2024

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Notes:

(1) The details of the progress of the ECRL projects completed by the Group are as follows:

Name of ECRL projects	Initial completion date	Revised completion date	Additional costs incurred due to delay of projects (RM in million)
Construction and completion of subgrade, drainage works, and culvert works from CH376+760 to CH382+597, Section 6, Maran	14 September 2022	29 April 2024	3.10
Construction and completion of subgrade works from chainage CH215+499 to CH224+086, Section 4, Dungun	27 September 2022	16 February 2024	2.70
Construction and completion of subgrade, drainage works and culvert works from CH382+993 to CH389+825, Section 6, Maran	14 December 2022	8 May 2024	2.80

(2) The details of the progress of the WCE projects completed by the Group is as follows:

Name of WCE project	Initial completion date	Revised completion date	Additional costs incurred due to delay of project (RM in million)
Civil works for Section 1 (Banting Interchange to SKVE Interchange)	4 June 2019	14 February 2024	37.00

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The Group is currently involved in the following construction projects, which are yet to be completed as at the LPD:

Name and description of the construction projects	Location of the construction projects	Role of the Group	Contract value (RM in millions)	Commencement date	Expected completion date	Percentage of completion as at the LPD
Main infrastructure works, (Tiara Residences) Bukit Jelutong ⁽¹⁾	Bukit Jelutong, Selangor	Main contractor	25.35	11 June 2024	10 December 2025	18.55%
Earthworks and other related Works (Phase 2) (R6, R8, R9 & C5), Bandar Bukit Raja	Bukit Raja, Klang, Selangor	Main contractor	42.54	28 March 2022	27 December 2024	97.10%
Earthworks and ancillary works for Phase 4A (R14), Bandar Bukit Raja Stage 3	Bukit Raja, Klang, Selangor	Main contractor	35.58	5 December 2023	18 June 2025	63.50%
Earthworks and ancillary works for Phase 4B (i17), Bandar Bukit Raja Stage 3	Bukit Raja, Klang, Selangor	Main contractor	38.25	14 August 2024	13 February 2026	2.00%
Earthworks and main infrastructure for Siera Alam (Phase 1) Section U10 Shah Alam ⁽¹⁾	Alam Budiman, Selangor	Main contractor	85.99	1 March 2024	2 June 2026	24.54%
Earthworks and ancillary works for Pagoh City University, Pagoh	Pagoh, Johor	Main contractor	22.78	23 November 2023	22 May 2025	65.00%
Site clearing, earthworks and ancillary works for Mukim of Rawang, District of Gombak	Rawang, Selangor	Sub-contractor	27.26	7 February 2024	31 March 2025	46.00%
Civil works for Section 7 & Assam Jawa Interchange to Tanjung Karang Interchange (Part 1 of 2) ⁽¹⁾⁽²⁾	Ijok, Selangor	Main contractor	363.97	2 July 2018	14 March 2025	95.77%
Pre-works, structural concrete works, earthworks, geotechnical engineering, erosion control works for plan (Section 7 Part 2 to 2) CH57800-65820 Assam Jawa to Tanjung Karang ⁽¹⁾	Tanjung Karang, Selangor	Sub-contractor	86.75	13 December 2022	12 June 2025	51.58%

Notes:

(1) The status of the ongoing construction projects currently undertaken by the Group which are behind schedule, as at the LPD, are as follows:

Name and description of the construction projects	Reason for the delay	Actions taken by the Group to mitigate further delay
Main infrastructure works, (Tiara Residences) Bukit Jelutong	A notice of ex-parte application for an “Interim Stay of Execution” was issued by the Shah Alam High Court to the project owner on 26 June 2024, resulting in the halting of all physical works on-site from 26 June 2024 to 12 August 2024.	Following the lifting of the “Interim Stay of Execution”, the construction works have since resumed in August 2024. AISB had subsequently submitted an extension of time application to the project owner for the extended timeframe for sectional completion. The Group is coordinating with the project owner to finalise the approval process for the extension of time application and implementing strategies to optimise construction workflows and resource allocation to adhere to the new timeline. These measures aim to mitigate any further delays and ensure the project progresses smoothly toward completion.
Earthworks and main infrastructure for Siera Alam (Phase 1) Section U10 Shah Alam	The project owner has granted an extension of time for the construction project to AISB on 17 September 2024 due to delays caused by the late handover of the site to AISB. As a result, the expected completion date has been revised to 2 June 2026.	AISB will submit a revised work programme to the project owner for approval to accommodate the new timeline.
Civil works for Section 7 & Assam Jawa Interchange to Tanjung Karang Interchange (Part 1 of 2)	The significant delays encountered are primarily due to changes in the design, which resulted in an increased scope of work for the project, as well as issues related to utility relocation and land acquisition.	The Group has consistently engaged in discussion with the project owner and the state authorities to resolve these matters promptly.
Pre-works, structural concrete works, earthworks, geotechnical engineering, erosion control works for plan (Section 7 Part 2 to 2) CH57800-65820 Assam Jawa to Tanjung Karang	Construction works at the site have been halted since 2 July 2024, mainly due to the rise in diesel prices and the new royalty fee rates for rock and mineral materials revised by the Selangor State Director of Land and Minerals.	The Group has consistently engaged in discussion with the project owner and the state authorities to resolve these matters promptly. The Group received a formal agreement on the mitigation work schedule programme from the project owner, along with an ex-gratia sum to receive reimbursement of operational costs for meeting the necessary milestones. The construction work has resumed on 7 September 2024. On 23 September 2024, AISB had successfully met the first milestone as per the agreement with the project owner, and received the first ex-gratia payment of RM0.50 million on 22 November 2024.

The Group has not incurred any monetary penalties for any of the delays of the abovementioned construction projects.

- (2) The details of the progress of the WCE project currently undertaken by the Group is as follows:

Name and description of the construction project	Initial completion date	Revised expected completion date	Percentage of completion as at the LPD	Additional costs incurred due to delay of project (RM in million)
Civil works for Section 7 & Assam Jawa Interchange to Tanjung Karang Interchange (Part 1 of 2)	1 January 2021	14 March 2025	95.77%	8.60

In view of the factors beyond the control of the Group as well as the delays in construction projects undertaken by the Group, Advancecon has embarked on various strategic initiatives, including public-private partnerships and collaborations with state development entities to venture into the Proposed Developments. Further details of the Proposed CLQ Development and the Proposed Joint Development are set out in **Sections 3.2** and **3.3** of this Circular.

The Proposed Developments represent a timely opportunity for the Group to capitalise on favourable market conditions in the Malaysian property sector, particularly in the state of Perak, where there is increasing demand for CLQs and industrial properties. Additionally, the Group's venture into the Property Businesses provides a means for the Group to leverage its expertise in construction while entering a new segment with substantial growth potential and future earnings stability.

The Group's decision to diversify into the Property Businesses, despite the substantial revenue generated from the existing construction and support services and quarry operations, is driven by a strategic long-term view of the Group to have more balanced and resilient business operations. While the Group's core businesses, particularly the construction and support services and quarry operations have traditionally been strong revenue drivers, they are also highly cyclical and sensitive to market fluctuations, regulatory changes, project delays and rising costs as stated above.

While the Proposed Diversification aims to reduce the Group's reliance on its existing business segments, the Board does not intend to solely depend on projects under the Proposed Developments moving forward. The Group is seeking shareholders' approval for the Proposed Diversification thus allowing flexibility for future business expansion as well as pursue future projects in the Property Businesses. The Proposed CLQ Development and the Proposed Joint Development are not inter-conditional with each other and will proceed independently.

In view that the Proposed Developments represent a significant milestone for Advancecon Group to venture into the Property Businesses and taking into consideration the scale and scope of the Proposed Developments, the Board expects that the Property Businesses and related activities may contribute more than 25% of the net profits of the Group or cause a diversion of more than 25% of its NA moving forward, based on the following:

- i) the Property Businesses, being more capital-intensive than the Group's existing business segments, are expected to increase the Group's NA base and provide higher profit margins compared to the construction and support services segment; and
- ii) the recurring income from rental and property sales will help the Group to stabilise its long-term earnings and reduce the volatility associated with the construction industry and quarry operations segments.

Accordingly, the Board proposes to seek approval from the shareholders of Advancecon for the Proposed Diversification pursuant to Paragraph 10.13(1) of the Listing Requirements, at an EGM to be convened.

The Proposed Diversification represents a strategic plan to diversify into the Property Businesses, whereby the Group aims to reduce reliance on its existing businesses and align with longer-term goals for sustainable development that would enhance shareholders' value in the long run by expanding its revenue and earnings base.

Notwithstanding the Proposed Diversification, the Board will continue with the existing businesses of the Group in the same manner. The Board will continuously review the Group's business operations from time to time with the intention of improving the Group's financial performance and position.

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3.2 Details of the Proposed CLQ Development

For illustration purposes, the timeline for the Proposed CLQ Development is as follows:

Date	30 May 2022	10 November 2022	1 December 2022	March 2023	14 April 2023	31 May 2023	August 2023	9 October 2023	15 July 2024
Parties involved	Advancecon	Advancecon and PKNPk	PKNPk	Advancecon	Advancecon	Advancecon and PKNPk	Advancecon	Advancecon	AVSB, PESB and CLQSSB
Background details	CLQSSB was incorporated	Advancecon entered into the CA with PKNPk to undertake the Refurbishment Works on Asrama Murni Block B into dormitory styled accommodations	PKNPk announced that it has initiated its pilot project for the development of CLQs in the state of Perak with the aim of supporting the growth rate of Perak's industrialisation and economic development	The Refurbishment Works for the Asrama Murni Block B were completed by Advancecon and Asrama Murni Block B was subsequently converted into fully operational CLQs	Asrama Murni Block B obtained the Certificate of Accommodation from the Department of Labour Peninsular Malaysia	PKNPk and Advancecon executed the Addendum to further undertake the Refurbishment Works on Asrama Murni Block A into CLQs	The Refurbishment Works for the Asrama Murni Block A were completed by Advancecon and Asrama Murni Block A was subsequently converted into fully operational CLQs	Asrama Murni Block A obtained the Certificate of Accommodation from the Department of Labour Peninsular Malaysia	AVSB entered into the JVSA with PESB and CLQSSB

On 10 November 2022, Advancecon entered into the CA to undertake the Refurbishment Works on Asrama Murni Block B into dormitory styled accommodations. PKNPk is the registered proprietor of the leasehold land.

On 1 December 2022, PKNPk subsequently announced that it has initiated its pilot project for the development of CLQs in the state of Perak with the aim of supporting the growth rate of Perak's industrialisation and economic development. The development of CLQs provides essential infrastructure to accommodate the requisite workforce to drive industrial activities and offers improved living standards for industrial workers living in the state of Perak by ensuring safe, healthy and regulated living conditions.

In addition, Advancecon and PKNPk agreed under the CA that they are keen to collaborate and jointly undertake the Strategic CLQ Developments to meet the needs of industrial manufacturers in the state of Perak. The CA is valid for a period of 12 months, until 9 November 2023. Although the CA was not formally extended, Advancecon and PKNPk were engaged in active discussions and negotiations on the JVSA. The CA and the Addendum that are set out in **Appendix I** of this Circular were superseded and terminated upon the execution of the JVSA in accordance with its terms.

Based on the terms of the CA, CLQSSB, being the JVC (direct 70.00%-owned subsidiary of AVSB and direct 30.00%-owned associate company of PESB), has been jointly incorporated and the final terms and conditions for the Proposed CLQ Development and the JVC have been recorded and reflected in the JVSA.

Pursuant to the scope of the Refurbishment Works as set out in the CA, Advancecon and PKNPk agreed that:

- (i) the Refurbishment Works to be solely undertaken by Advancecon shall be in full compliance with all regulations, directives, bylaws and statutes of Malaysia and meet all requirements of the Act 446 and any amendment made thereto from time to time; and
- (ii) the total costs and expenses in respect of the Refurbishment Works shall be solely borne by Advancecon,

notwithstanding that the CA was entered into by Advancecon, the Refurbishment Works for Asrama Murni Blocks A and B were undertaken by AVSB.

In March 2023, the Refurbishment Works for the Asrama Murni Block B were completed and the Asrama Murni Block B was subsequently converted into fully operational CLQs in full compliance with the provisions of Act 446. Subsequently, on 31 May 2023, PKNPk and Advancecon executed the Addendum to further undertake the Refurbishment Works on Asrama Murni Block A into CLQs. In August 2023, the Refurbishment Works for the Asrama Murni Block A had been completed and converted into CLQs in full compliance with the provisions of Act 446. Both the Asrama Murni Blocks A and B had obtained the Certificates of Accommodation from the Department of Labour Peninsular Malaysia on 9 October 2023 and 14 April 2023, respectively.

CLQSSB was incorporated on 30 May 2022 and commenced its operations on 25 November 2022. The directors of CLQSSB as at the LPD are Dato' Phum and Dato' Neoh Soon Hiong.

Pursuant to the terms of the JVSA, the equity participation of CLQSSB shall be as follows:

- (A) 70% to be held by AVSB, to be satisfied through the Costs of the JV Project and via cash injection; and
- (B) 30% to be held by PESB, to be satisfied via injection of proprietorship of the Strategic Locations and Additional Locations (if any) into CLQSSB, based on their market values to be evaluated by a mutually appointed licensed valuer.

The basis of the equity participation of CLQSSB was mutually agreed upon by both AVSB and PESB, which reflects both parties' respective contributions and strategic interests in CLQSSB.

The shareholding structure and capital contributions of AVSB and PESB as at the LPD are as follows:

Shareholders	No. of ordinary shares in CLQSSB	Share capital (RM)	Ownership / shareholding proportion (%)
AVSB	7	7	70
PESB	3	3	30
Total	10	10	100

PESB, through its 30% equity stake in CLQSSB, plays a critical role in facilitating the development of the CLQs by securing suitable land for CLQSSB and providing support in obtaining necessary approvals from government authorities. Specifically, PESB's obligations include:

- (i) securing the Strategic Locations and Additional Locations for CLQSSB;
- (ii) assisting with regulatory approvals and land-related matters; and
- (iii) collaborating with AVSB on the operational and development aspects of the Proposed CLQ Development.

Under the JVSA, the profit and loss sharing ratio is based on the respective proportions of shareholding of the joint venture partners. Therefore, AVSB, holding a 70% equity interest in CLQSSB, is entitled to 70% of the profits of CLQSSB while PESB, holding a 30% equity interest in CLQSSB, is entitled to 30% of the profits of CLQSSB. The profit and loss-sharing arrangements apply across all revenue generated by CLQSSB, including income from the rental of CLQs and any future CLQ projects undertaken by CLQSSB.

From April 2023 up to the LPD, Asrama Murni Blocks A and B had generated total revenue of approximately RM1.42 million. However, this revenue was offset by cost of sales of approximately RM1.78 million, resulting in a gross loss of RM0.36 million. The cost of sales of approximately RM1.78 million comprised of depreciation costs of approximately RM0.93 million, operating and maintenance expenses of RM0.39 million, staff costs of RM0.37 million, utilities expenses of RM0.06 million, and other miscellaneous costs of RM0.03 million. From April 2023 up to the date of execution of the JVSA on 15 July 2024, Advancecon recorded revenue of RM1.09 million and fully consolidated the gross loss of approximately RM0.26 million. From the date of execution of the JVSA on 15 July 2024 up to the LPD, Advancecon recorded revenue of RM0.33 million. Meanwhile, AVSB shared a gross loss of approximately RM0.08 million while PESB shared a gross loss of approximately RM0.03 million, respectively.

The details of the current CLQ projects on the Asrama Murni Land are as follows:

Name of projects	Description and location	Refurbishment and renovation cost incurred / expected cost to be incurred (RM in million)	Construction start date	Completion date	Percentage of completion as at the LPD
Asrama Murni Block A	CLQ located on Asrama Murni Land	1.30	May 2023	August 2023	100%
Asrama Murni Block B	CLQ located on Asrama Murni Land	1.70	December 2022	March 2023	100%
Asrama Murni Block C and Asrama Murni Block D	CLQ located on Asrama Murni Land	3.00	December 2024	June 2025	Not started ⁽¹⁾

Name of projects	Number of storeys	Gross built-up areas	Net lettable or useable areas	Monthly rental rate (RM'000)	Rental tenure⁽²⁾
Asrama Murni Block A	4 storeys	77,350.84 square feet	60,611.96 square feet	16.25	11 August 2024 to 10 August 2025
Asrama Murni Block B				52.80	16 March 2023 to 15 March 2025
Asrama Murni Block C ⁽¹⁾				-	-
Asrama Murni Block D ⁽¹⁾				-	-

Note:

- (1) As at the LPD, the construction of the Asrama Murni Block C and Asrama Murni Block D has yet to commence.
- (2) The renewal terms for the rental of CLQ projects on the Asrama Murni Land are typically structured for a duration of 1 to 2 years. A notice of renewal must be provided by the tenant no later than 2 months prior to the expiration of the tenant's existing tenancy term, with all other terms and conditions of the tenancy agreement remaining unchanged.

The salient terms of the CA and the Addendum are set out in **Appendix I** of this Circular.

The success of the Asrama Murni CLQs will be used as a benchmark model to undertake the Strategic CLQ Developments.

On 15 July 2024, AVSB entered into the JVSA with PESB to set out:

- (i) the final terms and conditions for the Proposed CLQ Development;
- (ii) the terms regulating the business and affairs of CLQSSB, being the JVC jointly incorporated by AVSB and PESB to undertake the Proposed CLQ Development; and
- (iii) the terms regulating their respective rights and obligations as shareholders of CLQSSB, with AVSB and PESB holding 70% and 30% equity interest in CLQSSB, respectively.

Pursuant to the JVSA, the Group is intended to generate revenue through the development of the Strategic CLQ Developments as well as obtaining rental income from the operation and maintenance of CLQs. The terms of the JVSA shall also supersede the terms of the CA.

The Group has identified several strategic locations for the Strategic CLQ Developments for the lands owned by PKNPk, including:

- (i) the Seri Iskandar Land;
- (ii) the Kamunting Land; and
- (iii) 2 blocks of buildings designated as Asrama Murni Block C and Block D erected on a parcel of land under the Asrama Murni Land.

The Group intends to undertake Strategic CLQ Developments on the above locations which are expected to house up to 12,000 workers, with an aim to address the growing demand for compliant and high-quality worker accommodations in the state of Perak.

Pursuant to the salient terms of the JVSA, AVSB is responsible to appoint the relevant parties to conduct feasibility studies, due diligence, market and environmental assessment and any other requisite studies confirming the suitability of the Strategic Locations and/or Additional Locations for the JV Project.

As at the LPD, the relevant party responsible for preparing these reports has yet to be appointed, with a targeted appointment date in the 1st quarter of 2025. The findings and recommendations from these studies will be reviewed thoroughly to ensure alignment with the objectives and requirements of the JV Project prior to any further commitments. An Option to Acquire Agreement is expected to be entered into between PKNPk and CLQSSB in the 2nd quarter of 2025.

In the event that the Costs of the JV Project incurred by AVSB has not reached 70% in value in comparison to PESB's shareholding proportion at the time of execution of each Option to Acquire Agreement, Advancecon will issue the corporate guarantee for share capital in favour of PESB in accordance with the terms and conditions of the JVSA, to ensure that its equity contributions to the JV Project align with the agreed 70:30 shareholding proportions between PESB and AVSB in CLQSSB and to ensure equitable contributions from both parties in the JV Project.

The following assumptions are made to illustrate two scenarios regarding the issuance of a corporate guarantee for share capital by Advancecon in favour of PESB. This applies if, at the time of executing each Option to Acquire Agreement, the Costs of the JV Project incurred by AVSB have not reached 70% of the value proportionate to PESB's shareholding, as stipulated in the terms and conditions of the JVSA:

Illustrative assumptions	Scenario 1	Scenario 2
Total Costs of the JV Project	RM10.00 million	RM10.00 million
AVSB's proportional amount of equity contribution to be made in the JV Project (A)	RM7.00 million	RM7.00 million
Actual costs incurred by AVSB in the JV Project (B)	RM6.00 million	RM4.00 million
Shortfall in equity contribution by Advancecon to be issued in the form of corporate guarantee for share capital to PESB (A-B)	RM1.00 million	RM3.00 million

Following the terms of the JVSA, PESB is not expected to provide a similar corporate guarantee for share capital in favour of AVSB, as the corporate guarantee arrangement is specifically structured to address situations where AVSB's contributions may not align with the agreed 70:30 shareholding ratio. This approach maintains balance in the JV Project's funding while safeguarding the interests of both parties according to their respective ownership stakes. As at the LPD, AVSB has provided advances of approximately RM3.00 million to CLQSSB while no repayments have been made by CLQSSB to AVSB to date.

The salient terms of the JVSA are set out in **Appendix II** of this Circular.

The location of Asrama Murni Blocks A, B, C and D are illustrated in the map below:



(Source: Management of the Company)

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The location of the Seri Iskandar Land is illustrated in the map below:



(Source: Management of the Company)

The location of the Kamunting Land is illustrated in the map below:



(Source: Management of the Company)

Further details of the Proposed CLQ Development are summarised in the table below:

Name	Seri Iskandar Land	Kamunting Land	Asrama Murni Land
Developer Lot/PT No.	Lot No. 264	PT No. 25932	Lot 196934 & Lot 220043
Title particulars	PN 339806 Bandar Seri Iskandar District of Perak Tengah state of Perak	H.S.(D) 33743 Mukim of Asam Kumbang District of Larut Matang and Selama state of Perak	PN 123087 District of Kinta & PN 145523 District of Kinta state of Perak
Land Area	Approximately 15.117 acres	Approximately 3.776 acres	Approximately 4.613 acres
Category of land use	Building	Industrial	Building
Express conditions	Building – businesses and institutions	Light industrial	Residential – hostel
Tenure	30-year leasehold expiring on 13 March 2031 (with an unexpired term of about 7 years) ⁽¹⁾	99-year leasehold expiring on 6 June 2117 (with an unexpired term of about 93 years)	94-year leasehold expiring on 20 July 2091 (with an unexpired term of about 67 years)

Name	Seri Iskandar Land	Kamunting Land	Asrama Murni Land
Estimated capacity (pax)	1,200	2,400	3,120
Monthly rental per pax (RM)	RM250 to RM270		
Estimated rental income per annum ⁽²⁾	RM3.80 million ⁽³⁾	RM7.60 million	RM10.00 million
Restriction-in-interest	This land shall only be transferred, leased or charged to persons approved by the State Authority in writing <i>(Tanah ini hanya boleh dipindahmilik, dipajak atau digadai kepada orang yang diberi kebenaran bertulis oleh Pihak Berkuasa Negeri)</i>		
Registered owner	PKNPk		
Encumbrances	Nil		

Notes:

- (1) Pursuant to the agreed terms of the JVSA, if the Seri Iskandar Land has not been registered in the name of CLQSSB, PESB shall cause PKNPk to submit the relevant application for the extension of time and the Group will assist PESB and/or PKNPk in the submission. The submission is targeted to be made in 2025 for a further period of 99 years. The Management does not foresee any issue in obtaining the extension for the tenure of the leasehold period for the Seri Iskandar Land. Any application for the extension of the leasehold tenure for the Seri Iskandar Land or other strategic and additional locations must be submitted by the registered proprietor of the land. If the Seri Iskandar Land is registered under CLQSSB in 2025, the application will be made by CLQSSB. However, if the Seri Iskandar Land remains under PKNPk in 2025, PESB will ensure that PKNPk submits the application in 2025. For the avoidance of doubt, there is no overlap of duties or functions between Advancecon Group and PESB in respect of land-related matters under the JVSA. PESB is responsible for overseeing the submission process in coordination with PKNPk, while Advancecon Group's role is limited to providing support, ensuring compliance and efficiency in the submission process.
- (2) The Group anticipates generating rental income from the aforementioned lands upon the completion of construction of CLQs on the aforementioned lands, based on the estimated rental capacity and monthly rental rate.
- (3) The Group anticipates that the annual rental income derived from the Seri Iskandar Land is expected to be lower than the Kamunting Land or the Asrama Murni Land due to current occupancy trends and a smaller industrial base nearby Seri Iskandar Land as compared to other more established industrial locations.

(Source: Management of the Company)

The Seri Iskandar Land, located in the Perak Tengah District of the state of Perak, boasts direct access to major highways and is poised for significant business growth. As a major developing town, it offers connectivity to important towns such as Ipoh and Lumut.

The area is also recognised as an educational hub, hosting institutions such as Universiti Teknologi MARA and Universiti Teknologi Petronas, alongside a diverse range of industrial activities, including automotive and pharmaceuticals. Notably, the Seri Iskandar Industrial Park spans a total area of 3,168 acres, designed to accommodate various industries, particularly industries focusing on energy efficiency solutions and renewable energy sources.

The Kamunting Land, situated within the Larut Matang District of the state of Perak is located near the city of Taiping and encompasses approximately 2,080 acres of industrial land. This area supports economic activities, including rubber production and medical services, while also providing convenient access to the North-South Expressway. Both land parcels are strategically significant for inclusion in the Proposed CLQ Development, as they align with the vision for sustainable growth and industrial diversification in the region.

As at the LPD, CLQSSB does not own any land. Pursuant to the JVSA, the funding arrangement for the Proposed CLQ Development involves AVSB holding 70% of the shareholding in CLQSSB, with PESB holding 30%. AVSB will contribute capital in the form of the development cost, while PESB will be injecting proprietorship of the Strategic Locations and Additional Locations (if any) into CLQSSB. The injection will be based on the market values of these locations as evaluated by a mutually appointed registered valuer to be appointed in the future. Any excess capital contributions by AVSB will be treated as shareholder advances, which can either be repaid when CLQSSB's accounts allow or applied to future projects. AVSB's shareholding proportion shall be contributed pursuant to the Costs of the JV Project, as valued by a qualified and registered quantity surveyor prior to the issuance of each Notice to Transfer, and via cash injection. PESB's shareholding proportion shall be contributed in the form of transfer of the lands for the Asrama Murni CLQs, the Strategic Locations and/or the Additional Locations at the value to be ascertained by a registered valuer in accordance with the terms of the JVSA. Capitalisation of the respective shareholding proportions of AVSB and PESB shall take place at the point of injection of the lands for the Asrama Murni CLQs, the Strategic Locations and/or the Additional Locations into CLQSSB.

The process of injecting the Asrama Murni Lands, Seri Iskandar Land and Kamunting Lands into CLQSSB is currently underway and is expected to be completed by the 1st quarter of 2025. The injection of the Asrama Murni Lands and Kamunting Lands will take place following the evaluation of their market values by a registered valuer, who will be appointed in the future. The injection of the Strategic Locations and Additional Locations is intended to facilitate the Proposed CLQ Development. This land injection is not intended as reimbursement for the costs and expenses for the Refurbishment Works (“**Refurbishment Costs**”) incurred by Advancecon Group, but forms part of PESB's equity participation in the JVC, thereby contributing to the overall development and growth of CLQSSB. As at the date of the JVSA, the estimated Refurbishment Costs for the Refurbishment Works for the Asrama Murni CLQs amount to approximately RM3.00 million only and shall be considered as AVSB's contribution towards its shareholding proportion in CLQSSB.

The amount of refurbishment and renovation costs to be incurred for the Asrama Murni CLQs and the eventual number of shares of CLQSSB to be held by AVSB after taking into consideration the refurbishment and renovation costs incurred for the Asrama Murni CLQs as its contribution towards its shareholding proportion in CLQSSB are as follows:

Name of CLQ projects	Refurbishment and renovation cost incurred / expected cost to be incurred (RM in million)	Estimated equity contribution by AVSB (RM in million)	Estimated number of shares of CLQSSB held by AVSB in CLQSSB (in millions)
Asrama Murni Block A	1.30	1.30	1.30
Asrama Murni Block B	1.70	1.70	1.70
Asrama Murni Block C	1.50	1.50	1.50
Asrama Murni Block D	1.50	1.50	1.50
Total	6.00	6.00	6.00

The Company will make the necessary announcements and/or obtain the approvals from the relevant regulatory authorities and/or its shareholders as required under Chapter 10 of the Listing Requirements upon the injection of lands into CLQSSB arising from the Proposed CLQ Developments.

If there exists any AVSB's Excess, PESB shall not be required to make further capital contribution and the AVSB's Excess shall be treated as shareholder's advances from AVSB, which at AVSB's option, shall be:

- (a) repaid to AVSB at the first opportunity when the accounts of CLQSSB allow for the same, preferably before distribution of dividends; or
- (b) utilised as AVSB's capital contribution for the next project involving the other Strategic Locations and/or Additional Locations.

AVSB's decision on either option will depend on its funding requirement for other ongoing or future ventures as well as the requisite capital contribution for the development of other Strategic Locations and/or Additional Locations. Ultimately, this decision will be based on its internal operational needs and the project's long-term plan.

The Board confirms that the provision of advances from the Company or AVSB to PESB and/or PKNPk, and the treatment of AVSB's Excess as shareholder's advances from AVSB, as stated in **Appendix II** of this Circular, will be fair and reasonable to the Company and will not be detrimental to the Company and its shareholders, which is in compliance with Paragraph 8.23(2) of the Listing Requirements.

3.2.1 Source of funding for the Proposed CLQ Development

The costs for the Refurbishment Works (including operational expenses) as at 31 March 2024 for the Asrama Murni Block A and Block B are approximately RM4.00 million and have been solely fully funded by AVSB's internally-generated funds. The estimated cost of RM3.00 million required for the refurbishment and renovation of the Asrama Murni Block C and Block D is expected to be funded by AVSB via its internally-generated funds and/or bank borrowings. These costs shall also be considered as AVSB's contribution towards its shareholding proportion in CLQSSB.

3.2.2 Liabilities to be assumed by the Group arising from the Proposed CLQ Development

Save for the obligations set out in the CA and the JVSA, there are no other liabilities (including contingent liabilities) and/or guarantees to be assumed by the Group arising from the Proposed CLQ Development.

3.2.3 Additional financial commitment required for the Proposed CLQ Development

Save for the funding required for the Proposed CLQ Development, the details of which are yet to be determined at this juncture, the Group is not expected to incur any other additional financial commitment in relation to the Proposed CLQ Development.

3.2.4 Counterparty of the Proposed CLQ Development

The counterparty of the Proposed CLQ Development is PKNPk.

PKNPk, is a body corporate established under the Perak State Development Corporation Enactment 1967 Bill No. 3/1967 (as revised by the Perak State Development Corporation Enactment 1967 (Revised - 2019) [Enactment 14]). PKNPk was mandated with the objectives below:

- (a) to boost economic and socio-economic development of the state of Perak;
- (b) to accelerate industrial and commercial development in the state of Perak through a variety of investment portfolios; and
- (c) to act as the catalyst for private investments in the state of Perak.

As at the LPD, the directors of PKNPk are as follows:

- (i) Yang Amat Berhormat Dato' Seri Haji Saarani Bin Mohamad;
- (ii) YB Dato' Ahmad Suaidi Bin Abdul Rahim;
- (iii) YB Dato' Azmir Shah Bin Zainal Abidin;
- (iv) YB Dato' Mohd Zaki Bin Mahyudin;

- (v) YB Tuan Loh Sze Yee;
- (vi) YB Tuan Mohd Azlan Helmi Bin Helmi;
- (vii) YB Tuan Ishsam Bin Shahrudin;
- (viii) YBhg Dato' Haji Mohamad Fariz Bin Mohamad Hanip;
- (ix) YBrS Tuan Jaya Singam A/L A. Rajoo;
- (x) YBrS Puan Hidah Binti Misran;
- (xi) YBrS Dr Nirwan Bin Noh; and
- (xii) YBhg Dato' Mohd Azmi Bin Haji Othman.

(Source: Official website of PKNPk accessed on the LPD)

The directors of PKNPk are not related to any of the Directors, major shareholders or chief executive of the Company or persons connected with them and do not have any substantial shareholdings in the Company as at the LPD.

3.3 Details of the Proposed Joint Development

For illustration purposes, the timeline for the Proposed Joint Development is as follows:

Date	12 August 2022	31 March 2023	8 January 2024
Parties involved	Perak Corp and PKNPk	Perak Corp and PKNPk	Perak Corp and PKNPk / ADSB and Perak Corp
Background details	Perak Corp entered into a memorandum of understanding with PKNPk to explore the proposed collaboration between Perak Corp and PKNPk including the development of PKNPk's strategic landbanks	Perak Corp and PKNPk entered into the MDA setting out the general and overarching terms and conditions for the proposed collaboration between Perak Corp and PKNPk in relation to the development initiatives listed in the MDA	Perak Corp and PKNPk entered into a JVA to jointly carry out the proposed development of the SVTP Industrial Hub. ADSB had also entered into the JDA with Perak Corp for the Development

On 12 August 2022, Perak Corp, a 52.27% owned subsidiary of PKNPk, entered into a memorandum of understanding with PKNPk to explore the proposed collaboration between Perak Corp and PKNPk involving amongst others, the utilisation of Perak Corp's expertise to develop a number of PKNPk's strategic landbanks.

On 31 March 2023, Perak Corp and PKNPk entered into a MDA setting out the general and overarching terms and conditions for the proposed collaboration between Perak Corp and PKNPk in relation to the development initiatives listed in the MDA, including but not limited to the proposed development of the SVTP Industrial Hub.

On 8 January 2024, Perak Corp and PKNPk entered into a JVA to jointly carry out the proposed development of the SVTP Industrial Hub. Pursuant to the JVA, Perak Corp is required to appoint a strategic partner for the implementation and carrying out of the construction works of the Main Infrastructure to be construed, laid upon or installed upon the Subject Sites, as approved by all relevant authorities. PKNPk had obtained the development order for the SVTP Industrial Hub on 24 August 2024.

As part of its future plans to diversify into the Property Businesses, Advancecon and Perak Corp announced on 8 January 2024 that the parties had entered into a JDA to jointly undertake the development and sale of the SVTP Industrial Hub for a duration of 5 years, subject to all relevant approvals of the relevant authorities and the provisions stated in the JDA. The joint development and sale of the SVTP Industrial Hub is expected to be completed within 5 years from the unconditional date of the JDA, with the possibility of an extension if mutually agreed by both parties. The JDA is expected to be unconditional by the 2nd quarter of 2025, with the assumption that, among other conditions, Perak Corp's Regularisation Plan will be approved by Bursa Securities and Perak Corp will obtain its shareholders' approval to implement the Regularisation Plan by the 1st quarter of 2025. Perak Corp is required to satisfy the conditions precedents of the JDA by 7 April 2025, within 15 months from the date of execution of the JDA on 8 January 2024. In the event that the conditions precedents are not fulfilled by the deadline of 7 April 2025, the parties may mutually agree to extend the timeline further to facilitate the implementation of the Proposed Joint Development.

If the conditions precedents are not fulfilled by the deadline of 7 April 2025 and the parties do not mutually agree to extend the timeline, the JDA may be subject to termination in accordance with its terms. For further details, please refer to the "Termination" clause outlined in **Appendix III** of this Circular.

The details of the development phases for the Subject Sites are as follows:

Phases ⁽¹⁾	Land Area (acres)	Expected construction date	Expected completion date	Description of each of the development phases for the Subject Sites
1	324.12 ⁽²⁾	1 st quarter of 2025	3 rd quarter of 2027	The development and construction of the Main Infrastructure for each of the development phases for the Subject Sites
2	206.31	3 rd quarter of 2026	4 th quarter of 2028	
3	285.65	2 nd quarter of 2027	3 rd quarter of 2029	
Pond ⁽³⁾	(51.59)	Nil	Nil	Nil
Vacant lands - Non-Development Lands ⁽⁴⁾	(17.76)	Nil	Nil	Nil
Total	746.73			

Notes:

- (1) The commencement of development phases operates independently and are not inter-conditional with each other. The entire construction project is anticipated to be completed within 5 years by 2030, assuming the JDA is unconditional by the 2nd quarter of 2025.
- (2) Inclusive of the Development Reserved Lands and the Non-Development Lands. The Non-Development Lands while overlapping with the total land area of the Subject Sites, are excluded from the scope of the Development and do not contribute to the total land area of the Subject Sites.
- (3) A pond which overlaps with the 1st and 3rd development phases of the Subject Sites is excluded from the total land area of the Subject Sites.
- (4) Consisting of 3 parcels of vacant reserved lands of PKNPk that are excluded from the total land area of the Subject Sites.

Upon execution of the JDA, PKNPk is the landowner of the Subject Sites, contributing the project lands for development, while PESB, facilitates and coordinates the development process in partnership with ADSB. Further details of their roles and responsibilities are set out in **Appendix III** of this Circular.

Pursuant to the terms of the JDA:

- (i) PKNPk is entitled to the PKNPk's Basic Revenue Share;

- (ii) ADSB is fully responsible for the funding of the construction costs for the Development of RM466.52 million wherein ADSB is required to advance the monies to pay the outstanding quit rents amounting to approximately RM12.64 million as at the date of the JDA, assessments, rates and other outgoings in stages for the parcels involved in the Development based on the approved development plan.

All such advances shall be deducted from PKNPk's Basic Revenue Share. As at the LPD, ADSB has advanced RM2.00 million to PKNPk for the payment of outstanding quit rents which was essential to ensure that the SVTP land is free from encumbrances to be able to potentially act as collateral to secure future financing for the Development and RM0.36 million to Perak Corp being the costs (inclusive of ex-gratia payments) to remove or evict any squatters and/or illegal building and structure on the Subject Sites. The advance payment of the outstanding quit rents does not constitute a provision of financial assistance but instead is considered part of the payment towards PKNPk's Basic Revenue Share under the JDA while the advance payments to Perak Corp will be deducted from Perak Corp's Revenue Share entitlement pursuant to the terms of the JDA. The Company confirms that this arrangement is in line with the agreed commercial terms and is fair and reasonable to the listed issuer and not detrimental to the Company and its shareholders. Therefore, none of the Development Cost are expected to be incurred by Perak Corp;

- (iii) subject to full payment of the Development Cost, Perak Corp is entitled to the Perak Corp's Revenue Share. In acknowledgement that Perak Corp shall incur costs in the implementation of the joint development, pending full payment of all Development Cost, Perak Corp shall be paid an amount equivalent to 10% (or any other percentage as mutually agreed from time to time) from the proceeds of sales for each Industrial Lot sold to end-purchasers, after deducting the advances paid by ADSB on behalf of Perak Corp in relation to Perak Corp's obligations under the JDA (if any). Such amount paid shall be deducted from the Nett Development Value; and
- (iv) subject to the full payment of the Development Cost, PKNPk's Basic Revenue Share and Perak Corp's Revenue Share, ADSB is entitled to a sum equivalent to 65% of the Nett Development Value.

The ratio of 35%:65% of the Nett Development Value of RM331.17 million between Perak Corp and ADSB for the development of the SVTP Industrial Hub was mutually agreed after taking into consideration, amongst others, the following:

- (i) an internal assessment by Company confirming that the profit-sharing agreement under the JDA is fair and reasonable to the Company and is not detrimental to the Company and its shareholders pursuant to Paragraph 8.23(2) of the Listing Requirements; and
- (ii) the future prospects of the Subject Sites as set out in **Section 3.3** of this Circular.

The basis of PKNPk's Basic Revenue Share of RM9.70 per square feet was determined on a "willing buyer, willing seller" basis and taking into consideration, amongst others, the following:

- (i) an internal assessment by PKNPk;
- (ii) the valuation report of the SVTP Industrial Hub dated 5 January 2024, prepared by an independent registered valuer, Firdaus & Associates; and
- (iii) the future prospects of the Subject Sites as set out in **Section 3.3** of this Circular.

The total sum of the PKNPk's Basic Revenue Share would be approximately RM250.44 million under the Development, which will be derived directly from the proceeds of sales of the Industrial Lots, irrespective of the revenue entitlements derived from the Nett Development Value.

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The details of each party's entitlement of profits under the JDA are as follows:

Companies	PKNPk	Perak Corp	ADSB	Grand total (RM)
Details of each party's entitlement of profits under the JDA	Basic revenue share of RM9.70 per square feet	35% of the Nett Development Value (including 10% from the proceeds of sales for each Industrial Lot sold to the end-purchasers)	65% of the Nett Development Value	
	RM250.44 million	RM115.91 million	RM215.26 million	RM581.61 million

Advancecon Group's role in the Proposed Developments, particularly regarding the Proposed Joint Development, will remain unchanged while awaiting Perak Corp's shareholders' approval and the implementation of the Regularisation Plan. The Group is positioned to participate in the developments upon successful approvals and finalisation of the Regularisation Plan. The Proposed Joint Development under the JVA/JDA will not involve the injection of any Subject Sites into Advancecon Group.

While awaiting Perak Corp to obtain shareholders' approval for the implementation of its Regularisation Plan, Advancecon Group can still contribute to the preliminary groundwork of the Proposed Joint Development. Nevertheless, Advancecon is unable to undertake any official roles related to the development's execution until Perak Corp has secured the required shareholders' approval for its Regularisation Plan. Thus, their involvement is limited to preparatory actions that do not require finalised approvals or formal commitments.

Pursuant to the terms of the JDA, the Development Reserved Lands which comprises Lot 10 PT 253417 and Lot 8 PT 253415, are included within the scope of the Development for the Subject Sites, which encompass a total of 39 parcels of land. The Development Reserved Lands are located within the 1st development phase of the Subject Sites. While Lot 8 PT 253415 is part of the net-saleable area of the Subject Sites, Lot 10 PT 253417 is not intended for sale as PKNPk intends to develop it for its own internal use. Therefore, PKNPk intends to reimburse Advancecon for the estimated construction and development costs of approximately RM15.37 million for the construction of the Main Infrastructure on Lot 10 PT 253417.

The total construction costs as well as professional fees of the Development of RM466.52 million which encompasses the preliminary groundwork activities planned for the three development phases of the Subject Sites includes the Development for Lot 10 PT 253417. However, the reimbursement of the estimated construction and development costs of approximately RM15.37 million relates solely to the development works undertaken for Lot 10 PT 253417 and does not pertain to or overlap with the preliminary groundwork for the 3 phases of the Proposed Joint Development. As the Development Reserved Lands are situated within the Subject Sites, Perak Corp has appointed Advancecon as the sole developer of the Subject Sites to ensure cost efficiency and operational effectiveness. This approach eliminates the need to engage additional developers or contractors, thereby optimising the overall development process.

The Subject Sites are all located in Mukim of Hulu Kinta, District of Kinta, state of Perak. The Subject Sites are rectangular and irregular in shapes and encompasses a total provisional land area of 746.73 acres or 32,527,558.80 square feet. The Subject Sites and its surrounding areas are generally flat, hilly, sloping and undulating in terrain.

The Subject Sites are easily accessible from Chemor town via Jalan Kuala Kangsar. The Subject Sites are also accessible from Ipoh City via Jalan Panglima Bukit Gantang Wahab, Jalan Kuala Kangsar and Persiaran Perindustrian Kanthan 1. The Subject Sites are strategically positioned near the Kanthan Industrial Park, which is equipped with essential infrastructure and facilities. Additionally, the Subject Sites are in close proximity to other industrial schemes, including D.T.I. Industrial Park Chemor and Seramik Industrial Area to the south and Sungai Siput Industrial Area to the north.

The immediate locality features a mix of industrial, residential and commercial developments, including vacant industrial lands, detached factories, single, double-storey terraced houses, single and double-storey detached houses as well as double-storey terraced shophouses or offices.

The market value of the Subject Sites (including the Development Reserved Lands) is equivalent to the PKNPk's Basic Revenue Share of approximately RM250.44 million (equivalent to RM9.70 per square foot of land), which was derived using the market comparison approach, based on the valuation report of the SVTP Industrial Hub dated 5 January 2024, prepared by an independent registered valuer, Firdaus & Associates.

The salient terms of the JDA are set out in **Appendix III** of this Circular.

(Source: Management of the Company)

The location of the SVTP Industrial Hub is illustrated in the map below:



(Source: Management of the Company)

Further details of the Subject Sites are summarised in the table below:

Name	SVTP Industrial Hub
Land Area	Approximately 746.73 acres or 32,527,558.80 square feet
Category of land use	35 parcels of industrial lands: Lot PT No. 253406, Lot PT No. 23416 & Lot PT Nos. 253418 to 253450 (Industrial) 2 parcels of commercial lands: Lot PT Nos. 253457 & 253458 (Commercial) 2 parcels of the Development Reserved Lands: Lot 8 PT No. 253415 & Lot 10 PT No. 253417 (Industrial)
Express conditions	Industrial and commercial
Tenure	99-year leasehold expiring on 28 June 2112 (with an unexpired term of about 88 years)
Restriction-in-interest	This land shall only be transferred, leased or charged to persons approved by the State Authority in writing <i>(Tanah ini hanya boleh dipindahmilik, dipajak atau digadai kepada orang yang diberi kebenaran bertulis oleh Pihak Berkuasa Negeri)</i>
Registered owner	PKNPk ⁽¹⁾
Encumbrances	Nil
Total estimated GDV (RM'000)	1,032,755

Name	SVTP Industrial Hub
Total estimated pre-tax gross development cost (RM'000)	716,960 (including the <u>PKNPk's Basic Revenue Share</u> of RM250.44 million)
Total estimated market value (RM'000)⁽²⁾	250,443
Nett Development Value (RM'000)⁽³⁾	331,168
Estimated commencement and completion dates of the Proposed Joint Development	5 years from the estimated date of commencement in the 1 st quarter of 2025

(Source: Management of the Company)

Notes:

- (1) Deemed interested by virtue of its direct and indirect interests in its subsidiaries, namely Fast Continent Sdn Bhd, Cherry Blossom Sdn Bhd and PESB's shareholdings in Perak Corp pursuant to Section 8 of the Act.
- (2) Based on the valuation report of the SVTP Industrial Hub dated 5 January 2024, prepared by an independent registered valuer, Firdaus & Associates.
- (3) The computation for the Nett Development Value is as follows:

	Amount (RM)
GDV	1,032,755,328
Less: Development Cost (including the <u>PKNPk's Basic Revenue Share</u>)	(716,960,501)
Gross profit	315,794,827
Add: Reimbursement from PKNPk for the construction and development costs of the Main Infrastructure for Lot 10 PT 253417, which is part of the Development of the Subject Sites but not part of the net saleable areas of the Subject Sites ⁽ⁱ⁾	15,373,457
Nett Development Value	331,168,284

Note:

- (i) The estimated construction and development costs of approximately RM15.37 million represents the estimated costs to be incurred for the construction of the Main Infrastructure on Lot 10 PT 253417. The breakdown of the estimated construction and development costs for the development of Lot 10 PT 253417 of approximately RM15.37 million is as follows:

Estimated costs	Amount (RM)
Construction costs	14,564,443
Administrative costs	291,289
Finance costs	517,725
Total costs	15,373,457

As at the LPD, no costs have been incurred for this lot, as the construction and development works on Lot 10 PT 253417 are expected to begin in the first quarter of 2025.

Background information of Perak Corp

On 11 February 2020, Perak Corp had announced that it had triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(f) of the PN17 and is now regarded as a PN17 company.

On 17 October 2019, Perak Corp had disclosed that Animation Theme Park Sdn Bhd, a direct 51%-owned subsidiary of PCB Development Sdn Bhd (“PCBD”), had defaulted in its repayment of principal in respect of a syndicated term loan facility of up to RM280.00 million granted by the lenders. Subsequently, on 18 December 2019, a financial institution demanded repayment of approximately RM244.00 million from PCBD, a wholly-owned subsidiary of Perak Corp, pursuant to a corporate guarantee granted by PCBD in favour of the financial institution. On 11 February 2020, Perak Corp announced that it also defaulted in its repayment of principal in respect of its financing facilities of up to RM100.00 million granted by a financial institution. As a result of these defaults and Perak Corp is unable to declare that it is solvent, Perak Corp had triggered the prescribed criteria under paragraph 2.1(f) of the PN17. Perak Corp is currently working on a debt restructuring plan to manage its liabilities and improve its financial position, which is expected to improve its financial condition in the short to medium-term. On 1 October 2024, Perak Corp had announced that Bursa Securities has granted a further extension of time up to 9 February 2025 to submit its Regularisation Plan to the relevant regulatory authorities and pursuant thereof, Perak Corp has approximately 4 months from the announcement date to submit its Regularisation Plan.

Pursuant to Perak Corp’s announcement made on 8 January 2024, the JVA provides an avenue for Perak Corp to generate sustainable and recurring income towards its business operations and is a part of the measures required for Perak Corp’s business Regularisation Plans, which remains subject to both regulatory and shareholders’ approval and are still in the midst of being finalised as at the LPD.

In the event that Perak Corp’s Proposed Regularisation Plan or any of the conditions under the JVA/JDA is not met, ADSB will be entitled to reimbursement for costs incurred in connection with the preliminary groundwork of the Proposed Joint Development. According to the terms outlined in the JDA, if any non-fulfilment of conditions is due to a default by Perak Corp, Perak Corp is obligated to refund any deposits or advances paid by ADSB related to its obligations under the Development. Following such reimbursement, ADSB will vacate the land, and Perak Corp will restore the land to its original condition within 30 business days or other mutually agreed-upon period, pursuant to the terms of the JDA.

3.3.1 Source of funds for the Proposed Joint Development

The estimated funding of RM280.00 million for all 3 development phases of the Proposed Joint Development which is expected to be funded via internally-generated funds as well as bank borrowings, is based on the Company’s internal project projections of the funding requirement of the Development for the Company to undertake the Proposed Joint Development, wherein the remaining balance of RM186.52 million (remaining 40%) will be funded through the progress billings from the purchasers of the Industrial Lots from the Proposed Joint Development. This estimated funding will be used to partially finance the construction costs for the Development of RM466.52 million.

3.3.2 Liabilities to be assumed by the Group arising from the Proposed Joint Development

Save for the obligations and liabilities set out in the JDA, there are no other liabilities (including contingent liabilities) and/or guarantees to be assumed by the Group arising from the Proposed Joint Development.

3.3.3 Additional financial commitment required for the Proposed Joint Development

Save for the funding required for the Proposed Joint Development, the details of which are yet to be determined at this juncture, the Group is not expected to incur any other additional financial commitment in relation to the Proposed Joint Development.

3.3.4 Counterparties of the Proposed Joint Development

The counterparties of the Proposed Joint Development include Perak Corp and PKNPk, with further details of Perak Corp set out below.

Perak Corp is a public listed company on the Main Market of Bursa Securities, which is engaged in property and investment holding, real property development and provision of management services.

As at the LPD, the directors of Perak Corp (all of whom are Malaysians) are Datuk Redza Rafiq Bin Abdul Razak, Andy Liew Hock Sim, Tan Chee Hau, Ahmad Yani Bin Aminuddin, Faizul Hilmy Bin Ahmad Zamri, Dato' Seri Ir. Mohamad Othman Bin Zainal Azim, Datuk Seri Dr. Hj Hasim Bin Hasan and Noor Azlin Binti Zainal Abidin. None of the directors of Perak Corp hold shares in Perak Corp.

As at the LPD, the substantial shareholders of Perak Corp as well as their respective shareholdings are as follows:

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
PKNPk	52,271,253	52.27	627,150	0.63 ⁽¹⁾
Sime Darby Property Berhad	6,125,000	6.13	-	-

Note:

(1) Deemed interested by virtue of its direct and indirect interests in its subsidiaries, namely Fast Continent Sdn Bhd, Cherry Blossom Sdn Bhd and PESB's shareholdings in Perak Corp pursuant to Section 8 of the Act.

(Source: Annual Report 2023 of Perak Corp)

The directors and substantial shareholders of Perak Corp are not related to any of the Directors, major shareholders or chief executive of the Company or persons connected with them and do not have any substantial shareholdings in the Company as at the LPD.

3.4 Key management personnel

The Group has identified Dato' Phum to oversee the operations of the Property Businesses and he is supported by Datuk Hoe and Tan Chee Keong, who will spearhead the operations of the Property Businesses. Their profiles are set out below:

(i) Dato' Phum

Dato' Phum, a Malaysian aged 66, is an Executive Director and Group Chief Executive Officer of Advancecon since his appointment on 9 April 1997. Dato' Phum attended his secondary education at Sekolah Menengah Jenis Kebangsaan Chong Hwa, Kuala Lumpur in 1975. He began his career as an apprentice with Nam Leong Enterprise immediately after he completed his secondary education in 1975, where he was responsible for handling sales and delivery of motor vehicles spare parts.

In 1976, he left Nam Leong Enterprise and joined See Yong & Sons Sdn Bhd, a Marine and Civil Engineering Contractor as Supervisor where he was involved in various civil engineering projects while assisting his family to set up their family business. In 1978, he left See Yong & Sons Sdn Bhd and joined his family business, Soon Kim Trading & Engineering, which was primarily involved in the operation and rental of heavy machinery and equipment, where he oversaw the on-site operation and maintenance services of heavy machinery and equipment.

Dato' Phum has been the driving force of Soon Kim Trading & Engineering which was subsequently incorporated as a private limited company in 1990 under the name of Pembinaan Sin Soon Kim Sdn Bhd where he was a co-founder and subsequently changed its name to AISB in 2010 which mainly involved in civil engineering services include, the construction of main drains, road works and sewerage systems and hiring services of heavy machinery and equipment.

He was instrumental in the incorporation of Advancecon Group via an internal reorganisation exercise in 2010 and the subsequent listing of Advancecon on the Main Market of Bursa Securities on 19 June 2017.

Dato' Phum is responsible for the Group's property business development operations, which includes setting the Group's business operations, formulating corporate development plans and driving business growth. In addition, he is also involved in overseeing the daily on-site operations and contracts and operations related matters. Dato' Phum has approximately 41 years of working experience in the construction and property development industry.

(ii) Tan Chee Keong

Tan Chee Keong, a Malaysian aged 44, is the Group Chief Financial Officer of Advancecon since his appointment on 2 May 2024. On 1 August 2024, he was appointed as an Executive Director of the Company. He obtained BSc. (Hons) in Applied Accounting from Oxford Brookes University, Oxford, United Kingdom in 2002 and was admitted as a Fellow Member of the Association of Chartered Certified Accountants in 2010.

In 2000, he began his accounting career and was subsequently involved in corporate finance and business advisory related works. In 2007, he joined Usaha Tegas Sdn Bhd ("UTSB") where he was responsible for treasury operations, corporate finance and development of corporate strategies with notable achievements, including the execution of a multi-billion United States Dollar refinancing package for Malaysia's largest telecommunication companies, a multi-billion United States Dollar privatisation of some of the largest power and gaming, pay television and satellite public listed companies, as well as the Initial Public Offerings ("IPOs") of some of the largest telecommunications and pay television companies in Southeast Asia.

In 2010, he left UTSB and joined Tael Partners Ltd ("Tael"), an investment firm as a Vice President where he was involved in private equity and structured finance transactions. Towards the end of 2011, he left Tael. In May 2012, he joined Maybank Investment Bank Berhad as an Associate Director in Equity Capital Markets, where he was involved in the management and execution of IPOs, share placements and rights issue until June 2014. Thereafter, through Gewinnnt Capital Sdn Bhd, a consulting firm which he owned, he was involved in corporate finance and mergers and acquisitions until December 2018.

From January 2019 to April 2024, he was appointed as the Group Chief Financial Officer of BON Estates Sdn Bhd ("BON Estates"), a diversified property group, where he oversaw the financial management and strategic planning for several property development projects undertaken by BON Estates with a GDV of approximately RM2.0 billion.

As at the LPD, he is also an Independent Non-Executive Director and Audit Committee Chairman of ACME Holdings Berhad, a property developer listed on the Main Market of Bursa Securities since his appointment in May 2019.

(iii) Datuk Hoe

Datuk Hoe, a Malaysian aged 54, was appointed as the Chief Executive Officer of ADSB on 22 January 2024. She graduated with a Bachelor of Business Administration (first class honours), majoring in marketing from Northern University of Malaysia in 1995. In 2000, she completed her Master of Business Administration (Distinction) from Heriot-Watt University in Edinburgh, United Kingdom.

Upon her graduation from Northern University of Malaysia in 1995, she started her career with IOI Properties Berhad as a sales and marketing executive, where she was involved in the sales, marketing and branding of township and golf course developments in the state of Johor.

In 1997, she left IOI Properties Berhad and joined SPSB for the Southern Property Division of SPSB, taking charge of the residential, commercial and business park developments of SPSB. She spearheaded the development of SPSB in Bandar Iskandar, Johor and one of her projects, Setia Eco Gardens was conferred the International Real Estate Federation Prix d' Excellence Award in 2009 and 2012.

She was also responsible for overseeing the property development operations of SPSB in Singapore and Jakarta. In 2013, she completed her Leadership Development Program at INSEAD Business School in France.

In 2014, she left SPSB and joined Eco World Development Group Berhad ("**Eco World**") as a Divisional General Manager until 28 February 2020. During her 6 years tenure in Eco World, she oversaw the strategic planning and developments for Eco World's industrial and business parks, high end township developments as well as sales of overseas projects in the United Kingdom and Australia via her sales office in Singapore. After leaving Eco World, she took a career break for 4 years prior to joining Advancecon. Her expertise encompasses a wide spectrum, including residential, commercial and industrial developments, with over 29 years of diverse experience in property development and investment.

Moving forward, upon successful implementation of the intended expansion of the Group's business to include the Property Businesses, the Group intends to continue recruiting more staff with the necessary technical expertise as and when required in tandem with the growth of the Property Businesses. Additionally, the Group intends to utilise its existing staff from the construction segment, who possess technical and operational expertise in property development, to support and expand this new business venture. The synergy between the existing construction staff and the newly recruited property development staff will enhance the Group's ability to efficiently manage and grow its Property Businesses.

Based on the above, the Board believes that, by leveraging on the expertise of the aforesaid key management personnel, the Group has the capability, capacity and resources to diversify into the Property Businesses.

4. RATIONALE FOR THE PROPOSALS

4.1 Proposed ESOS

The Proposed ESOS is intended to achieve the following objectives:

- (i) to drive and motivate the Eligible Persons to work towards achieving the Group's goals and objectives;
- (ii) to reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group;
- (iii) to retain the Eligible Persons by giving them a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company and thereby provides an incentive for the Eligible Persons to participate in the future growth of the Group and motivate them towards better performance through greater productivity and loyalty;
- (iv) to align the interests of the Eligible Persons, including management personnel of the Group, with the interests of the shareholders via direct participation in the equity of the Company; and
- (v) to attract and retain high-calibre Eligible Persons, as well as mitigating and reducing the risk of loss of key personnel.

4.2 Proposed Diversification

In view of growing demand within the property industry, the Proposed Diversification is expected to improve the financial performance and financial condition of the Group in the long run and the management is cautiously optimistic of the long-term prospects associated with the expansion of the Group to include the Property Businesses as part of its business activities.

Premised on the above, the Group is of the view that the Proposed Diversification provides the Group with an additional stream of income and is expected to augur well in the overall structure of the Group's existing businesses moving forward and at the same time reduce its reliance on the Group's existing businesses.

Barring any unforeseen circumstances, the Board believes that the Proposed Diversification will potentially contribute positively to the Group's future earnings. Nonetheless, upon completion of the Proposed Diversification, the Group's existing businesses would remain and continue as part of the core businesses of the Group.

5. PREVIOUS FUND-RAISING EXERCISE

The Company had not undertaken any fund-raising exercise in the past 12 months prior to the date of this Circular.

6. RISK FACTORS OF THE PROPOSED DIVERSIFICATION

The risks factors relating to the Proposed Diversification include, but are not limited to the following:

6.1 Business diversification risk

The Proposed Diversification may expose the Group to risks inherent in the Property Businesses, which include, competition from existing and established property developers as well as new market entrants to the property development industry, changes in the supply and demand of properties, changes in the regulatory framework relating to property development, increase in building materials or labour costs, downturns in the global, regional and/or national economies, changes in law and tax regulations and changes in business and credit conditions.

Nonetheless, the Group will conduct periodical reviews of its businesses and operations as well as adopt prudent financial management and efficient operating procedures to limit the impact of the aforementioned risks. However, there can be no assurance that the Group may be able to successfully mitigate the various risks inherent in the Property Businesses and if unable to do so, the business operations and financial performance of the Group may be adversely affected.

6.2 Fluctuations on construction material prices

The construction materials and other related supply which will be used for the Group's Proposed Developments which consist of, amongst others, industrial diesel, precast products, quarry products, premix products and ready-mix concrete products, in which industrial diesel in particular, is a controlled item whereby its price is controlled by the Malaysian government on a weekly basis and may, to a certain extent, be affected by the fluctuation in global market prices.

All construction materials are locally sourced. Hence, the increase in the prices or unavailability of these construction materials or supply in the local market may result in an increase in the overall operational costs of the Property Businesses, which may adversely affect the Group's financial performance.

6.3 Borrowings and financing risks

The Group's ability to expand its business operation in the Property Businesses is dependent upon continued capital expenditures, which include the purchase of heavy machinery and equipment. As such, the Group will need to raise sufficient financing, either in the form of external debt financing, equity financing and/or internally generated cash flows. Although the Group has not encountered any difficulties with its financiers nor defaulted in any of its borrowing repayments, there can be no assurance that the Group will not be exposed to financing risks, which may have an adverse impact on the Group's financial performance.

6.4 Competition risk

Being a new entrant into the Property Businesses, the Group faces competition from both new entrants and existing players in the Property Businesses which may be capable of offering similar services.

There is no assurance that the Group will be able to compete against current and future competitors or that competitive pressure will not materially and adversely affect the businesses, operations or financial condition of the Group. Nonetheless, the Group will take proactive measures to remain competitive in the Property Businesses by, amongst others, constantly keeping abreast with the latest market conditions and making efforts in maintaining a competitive edge in terms of cost efficiency, service quality, product quality and reliability.

6.5 Dependency on key personnel

The success of the Property Businesses depends largely on the skills, abilities, competencies and continued effort of its experienced personnel. The sudden departure of the said personnel without suitable and timely replacement, or the inability of the Group to attract and retain other qualified personnel, may adversely affect the Group's Property Businesses and consequently, the Group's revenue and profitability.

Notwithstanding the above, the Group will adopt appropriate approaches, including incentives, remuneration packages as well as provide a good working environment to promote productivity and retain their services. Suitable professional(s) and/or consultant(s) will be engaged in the areas necessary for the implementation and/or execution of the Board's strategy for the Property Businesses to manage the risk arising from dependency on key personnel.

6.6 Political, economic, market and regulatory risks

Any adverse development in the political situation and economic uncertainties in Malaysia could materially and adversely affect the financial performance of the Group despite the Group taking necessary measures, amongst others, keeping abreast with local policies and laws as well as seeking professional legal advice prior to committing to new projects.

Any change in the political situation and/or government policies in Malaysia may also affect the business of the Group. Political and regulatory changes such as introduction of new laws and regulations which impose and/or increase on imports, imposition of capital controls and changes in interest rates or taxes will impact the Group's business, financial conditions, prospects and results of operations. Other adverse political situations include the risks of wars, terrorism, nationalisation and expropriation which may also affect the performance of the Group.

In mitigating such risks, the Group will continuously review its business strategies in response to the changing dynamics of the economic and regulatory conditions but there can be no assurance that it will not materially affect the performance of the Group.

6.7 Risk of advances to be given out by Advancecon Group under the Proposed Developments

Under the Proposed Developments, the Group may be required to provide advances for the development activities of the Proposed Developments. This may result in a significant outflow of funds, thereby impacting the Group's cash flow and working capital.

If any unexpected delays, cost overruns, or issues with project feasibility occur, there is a risk that these advances may not be fully recoverable or could lead to additional financial exposure.

In managing these risks, the Group will carefully assess and monitor the financial stability of its development partners, apply prudent credit controls, and continuously evaluate the progress of the Proposed Developments. Nonetheless, there is no assurance that the Group will be able to fully mitigate these risks, and failure to recover such advances may adversely affect the Group's financial performance and liquidity.

6.8 Risk of delays of the implementation of Perak Corp's Regularisation Plan

The implementation of Perak Corp's Regularisation Plan is contingent upon receiving relevant regulatory approvals as well as approval from its shareholders. Any further delays in obtaining these approvals may impact the Group's business strategies and future expansion plans for the Proposed Joint Development. Delays in the necessary approvals to be obtained from the relevant regulatory authorities or shareholders could lead to increased costs, postponement of development milestones, and potential limitations in accessing necessary funding.

In mitigating such risk, the Group will continuously review the progress of Perak Corp's Regularisation Plan, but there can be no assurance that it will not materially affect the progress of the Proposed Joint Development.

7. INDUSTRY OUTLOOK AND PROSPECTS OF THE GROUP

7.1 Overview and outlook of the Malaysian economy

Malaysia's GDP in the 2nd quarter of ("2Q") 2024 rose 5.9% as compared to 4.2% in the preceding quarter. Correspondingly, GDP grew 2.9% (1st quarter of ("1Q") 2024: 1.5%) in terms of seasonally adjusted. The expansion in economy was driven by solid growth mainly in the services, manufacturing and construction sectors. For the first half of 2024, Malaysia's economy increased 5.1% from 4.1% in the same period of 2023. The services sector expanded by 5.9% in 2Q 2024 as compared to 4.8% in the previous quarter. The improvement was attributed to key sub-sectors such as wholesale and retail trade (4.8%), finance & insurance (10.1%) and transportation and storage (10.5%). In terms of seasonally adjusted, the sector grew 3.3% in 2Q 2024 (1Q 2024: 1.3%). The manufacturing sector surged to 4.7% from a modest growth of 1.9% in the last quarter.

The growth was driven by petroleum, chemical, rubber & plastic products (4.1%), non-metallic mineral products, basic metal and fabricated metal products (9.4%) and electrical, electronic and optical products (3.0%). In terms of seasonally adjusted, this sector grew by 3.1% in 2Q 2024 as compared to 2.4% in the 1Q 2024.

(Source: Malaysian Economic Statistics Review Vol. 8 2024, DOSM)

Growth of the Malaysian economy in the second half of the year is expected to be driven mainly by firm expansions in investment activity and resilient household spending, with larger support from exports recovery. Investment activities will be supported by continued implementation of multi-year projects in both the private and public sectors and augmented by the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments. Private consumption will be supported by sustained growth in income along with larger policy measures. Higher spillover from global tech upcycle will lift exports while tourist arrivals and spending are expected to improve further.

The growth outlook faces downside risks from weaker-than-expected external demand, further escalation of geopolitical conflicts and lower than-expected commodity production. Nevertheless, greater spillover from the tech upcycle, more robust tourism activities, and faster implementation of new and existing investment projects provide upside to Malaysia's economic outlook.

(Source: BNM Quarterly Bulletin Vol. 39 No. 2 for the Second Quarter of 2024, BNM)

7.2 Overview and outlook of the property investment industry

Malaysia

The property market has improved in 1st half of (“1H”) 2024, indicated by higher growth in market activity and positive performance in all sub-sectors. Total volume and value of transactions expanded by 8.0% in volume and 23.8% in value to 198,906 transactions worth RM105.65 billion as compared to 1H 2023 (184,140 transactions worth RM85.37 billion). The residential sub-sector continued to contribute the largest share of transactions, recorded a marginal increase in both volume and value.

The property market performance recorded an increase in the first half of 2024. A total of 198,906 transactions worth RM105.65 billion were recorded, showing an increase of 8.0% in volume and 23.8% in value compared to 1H 2023, which recorded 184,140 transactions worth RM85.37 billion. Of the total transactions, 63.9% (127,043 transactions) and 32.5% (64,725 transactions) were transfers dated in 2024 and 2023, respectively while the remaining percentage share was for prior years’ transfers.

Sectoral market activity performance showed upward movements. All subsectors recorded year-on-year growths in volume of transactions; residential (6.1%), commercial (22.4%), industrial (2.3%), agricultural (6.5%), and development land and others (12.1%). Value of transactions recorded higher increase for all sub-sectors i.e. residential, commercial, industrial, agriculture and development land and others, each at 10.4%, 41.5%, 23.4%, 37.8% and 59.3% respectively.

The residential sub-sector dominated the overall property market, with 61.3% contribution in volume. This was followed by agriculture (19.5%), commercial (10.9%), development land and others (6.4%) and industrial (1.9%). Similarly in value, residential took the lead with 46.8% share, followed by commercial (22.4%), industrial (12.8%), agriculture (9.2%) and development land and others (8.8%).

(Source: Property Market Report 1H 2024, Valuation and Property Services Department Malaysia, MOF)

The property market has gradually increased in 2023, higher after the downturn in 2020 due to COVID-19 pandemic. A total of 399,008 transactions worth RM196.83 billion were recorded, each showing an increase of 2.5% and 9.9% respectively compared to 2022, which recorded 389,107 transactions worth RM179.07 billion. Of the total transactions, 77.7% (309,861 transactions) and 18.6% (74,405 transactions) were transfers dated in 2023 and 2022 respectively while the remaining percentage share was for prior years’ transfers.

(Source: Property Market Report 2023, Valuation and Property Services Department Malaysia, MOF)

Perak

Between 2019 and 2023, the existing number of commercial properties in Perak, comprising shops, small offices/home offices and serviced apartments, grew from 62,980 units to 66,272 units, registering a CAGR of 1.3%.⁽¹⁾ Meanwhile, the existing number of industrial properties in Perak rose marginally from 8,463 units to 8,507 units at a CAGR of 0.1% over the same period.

The demand for commercial properties in Perak, in terms of property transaction values, grew marginally from RM1,286.4 million in 2019 to RM1,287.0 million in 2023. Meanwhile, the demand for industrial properties in Perak, based on property transaction values, rose from RM387.6 million in 2019 to RM720.4 million in 2023 at a CAGR of 16.8%. In particular, commercial and industrial property growth is primarily concentrated in the district of Kinta, which accounted for 46.1% and 56.7% of the total commercial and industrial property transaction value in 2023, respectively.

The commercial and industrial property market is expected to continue growing in light of:

- (i) the growing manufacturing sector, where the manufacturing sector is the second largest contributor to Perak's economy after the services sector. The growth in the manufacturing sector between 2022 and 2023 was mainly contributed by the growth in the E&E and optical products and the petroleum, chemicals, rubber and plastics products segment;
- (ii) growth in exports, which rose from RM31.0 billion in 2020 to approximately RM32.4 billion in 2023;
- (iii) foreign and domestic investments, where Malaysia recorded a total of RM329.5 billion worth of approved investments in the manufacturing, services and primary sectors in 2023 across 5,101 projects. In 2023, Perak received foreign and domestic investments for E&E, plastic, minerals and non-metal products amounting to RM2.1 billion (representing 75.8% of total investments); and
- (iv) green transformation of industrial parks so that industrial parks can achieve efficient use of energy and resources, reduced pollution and environmental impacts, increased labour productivity and enhanced capacity for sustainable development. Green industrial parks have the potential to attract investment, create more jobs, spur a shift in economic structure and incentives for new development in the surrounding area.

Note:

(1) Source: NAPIC

(Source: IMR Report)

7.3 Overview and outlook of the CLQ industry in Malaysia

CLQs are workers' accommodations that are equipped with gated and guarded accommodation and have modern amenities to promote the safety and comfort of workers. Such modern amenities include laundry facilities, canteen and pantry areas, leisure and entertainment areas (such as weekend movie area), sports facilities (such as futsal courts), religious areas and sick bays. In order to promote worker safety, CLQs are also typically equipped with surveillance systems, security guards and facial recognition systems for entry and exit points. They are also equipped with fire protection systems.

As such, CLQs positively impact the quality of life for both local and foreign workers. This will consequently drive foreign direct investments into Malaysia. In particular, the Perak state government, in collaboration with PKNPk plans to implement a CLQs project in industrial areas in the state. The CLQs will be able to accommodate 12,000 foreign workers in the next 5 years. This is in line with the Perak Prosperity Development Plan 2030 to improve the well-being and achieve a balanced socio-economic development in Perak.

The manufacturing sector is the second largest contributor to Perak's economy after the services sector. In 2023, the manufacturing sector accounted for 19.3% of the state's GDP. The GDP of the manufacturing sector has been growing from RM13.7 billion in 2019 to RM16.0 billion in 2023, rising at a CAGR of 4.0% over the period.⁽¹⁾

In 2023, the manufacturing sector grew by 2.2% (2022: 1.0%), mainly contributed by growth in E&E and optical products (2023: 34.3% of manufacturing GDP) primarily comprising the manufacturing of semiconductor components, solar photovoltaic systems, electronic manufacturing services and diodes. Perak's manufacturing sector was also supported by the petroleum, chemicals, rubber and plastic products segment (2023: 22.4% of manufacturing GDP), oils and fats from vegetables & animals, processed foods, beverages and tobacco products segment (2023: 16.6% of manufacturing GDP), as well as the non-metallic mineral products, base metals and fabricated metal products segment (2023: 15.9% of manufacturing GDP).⁽¹⁾

Note:

(1) Source: DOSM

(Source: IMR Report)

7.4 Overview and outlook of the construction industry in Malaysia

In the construction segment, housing completion was promising, up by 11.1% to 31,572 units in 1H 2024 as compared to 1H 2023 (28,412 units). Selangor contributed the highest number with 5,637 units, followed by Wilayah Persekutuan Kuala Lumpur with 5,589 units. By type, supply continued to focus on condominiums/apartments, which formed more than 50.0% (15,835 units) of the national total, while terraced houses formed another 34.6% (10,928 units).

Similarly, starts and new planned supply show increasing numbers by 1.1% to 41,505 units and 30.1% to 40,505 units, respectively, led by Johor (6,882 units) for the former and Wilayah Persekutuan Kuala Lumpur (9,496 units) for the latter. As of June-end, there were nearly 6.3 million existing residential units, with slightly more than 0.37 million and 0.39 million in the incoming supply and planned supply, respectively. On the supply front, construction activity was moderately active in the review period. Starts and new planned supply increased by 41.9% to 2,163 units and 26.0% to 1,613 units, respectively, while completion declined by 34.6% to 933 units as compared to 1H 2023. As of June-end, there were nearly 569,000 existing shops, with more than 25,000 units in the incoming supply and almost 30,000 units in the planned supply.

On the supply front, construction activity saw strong growth in 1H 2024. Completion, starts, and new planned supply increased by more than double to 15,518 units, 10,363 units, and 13,311 units, respectively. As of June-end, there were nearly 400,000 existing serviced apartment units, with more than 140,000 units in the incoming supply and almost 137,000 units in the planned supply.

The performance of the property market in the first half of 2024 continue to improve, driven by stronger market activity, an improvement in market status, and encouraging construction activity. The strengthening of market activity was driven by a positive performance of transactions in all subsectors, supported by various initiatives outlined by the government under Budget 2024, including providing guarantees of up to RM10 billion under Skim Jaminan Kredit Perumahan and the extension of the stamp duty exemption period for property transfer documents for the purchase of first time home buyers valued at RM500,000 and below until December 2025.

The government has introduced several efforts and catalytic projects to drive the local economy while simultaneously stimulating the development of the property market. These include improving the flexibility of application requirements for the Malaysia My Second Home programme, developing the Johor-Singapore Special Economic Zone, and establishing a Special Financial Zone in Forest City. Additionally, bolstering demands for property are positive, impact of developments such as the Rapid Transit Link project in Johor, the East Coast Rail Link, and the Pan Borneo Highway project in Sabah and Sarawak.

(Source: Property Market Report First Half 2024, NAPIC, MOF)

The value of work done in the construction sector amounted to RM41.1 billion (2Q 2024: RM38.9 billion) in the third quarter of 2024, marking a substantial growth of 22.9%, an improvement from the 20.2% recorded in the previous quarter. Meanwhile, a quarter-on-quarter comparison showed the value of work done grew 5.6% in the 3rd quarter of 2024. The growth momentum was primarily driven by a 42.6% (Q2 2024: 44.9%) expansion in the special trade activities sub-sector, which continues to demonstrate accelerated growth. Additionally, the residential buildings and non-residential buildings sub-sector both gain momentum by expanding 27.8% (2Q 2024: 19.7%) and 27.7% (2Q 2024: 7.2%), respectively. Meanwhile, the civil engineering sub-sector also expanded at a more moderate pace, still contributing positively with a 12.0% (2Q 2024: 25.2%) growth rate.

The special trades activities and non-residential building sub-sectors both experienced double-digit increases in a quarter-on-quarter comparison of 11.2% (2Q 2024: 16.8%) and 10.5% (2Q 2024: 4.4%), respectively. In the meantime, residential buildings remained increased by 6.6% (2Q 2024: 13.0%). Meanwhile, the civil engineering sub-sector recorded modest growth of 0.1% (2Q 2024: 0.2%).

(Source: Quarterly Construction Statistics, 3rd Quarter 2024, DOSM)

7.5 Prospects of the Group

Presently, the Group operates across multiple business segments, including construction and support services, property investment, RE, construction and management of CLQs and quarry operations. However, the Group is now strategically focusing on expanding its prospects within the Property Businesses in view of the optimistic outlook of the developments of following prospects:

(i) Prospects of CLQ industry

The Group's dedication to providing high-quality accommodation solutions through the construction and management of CLQs is a cornerstone of its growth strategy. The Group continues to work closely with the state authorities of Perak to ensure that additional workers are housed in these CLQs, reinforcing the Group's commitment to improving living standards for workers. With increasing enforcement of Act 446 and growing demand for compliant worker accommodations, the Group sees substantial growth potential in this sector.

Additionally, the strategic locations identified for future CLQ developments, including large parcels of land in Kamunting and Seri Iskandar, both in the state of Perak, will enable the Group to cater to the needs of various industries, including manufacturing and construction. This focus on CLQs is expected to provide a stable and recurring revenue stream, supporting the Group's long-term growth objectives. The strategic locations identified for the Strategic CLQ Developments will enable the Group to cater to various industries, including manufacturing and construction, reinforcing Advancecon's commitment to improving living standards for workers while supporting the state of Perak's industrial growth.

(ii) Prospects of the SVTP Industrial Hub

The Group's involvement in the SVTP Industrial Hub underscores the Group's commitment to long-term sustainable growth by venturing into the Property Businesses. The SVTP Industrial Hub is poised to become a central node for industrial activities in the state of Perak, supported by comprehensive infrastructure and green energy initiatives.

The Proposed Diversification into property development, particularly through the SVTP Industrial Hub, aligns with the Group's long-term goals for sustainable business growth. By leveraging on its expertise and strategic partnerships, Advancecon aims to enhance shareholders' value, diversify its revenue base and reduce reliance on its existing core businesses.

Currently, the Group's property portfolio comprises of commercial and residential properties. The Management of the Company has been continuously seeking business opportunities to expand the Group's property portfolio for property investment segment through acquisitions of companies (which own real estates), land banks and/or properties to earn recurring rental income and/or for capital appreciation purpose which in turn, shall contribute positively to the Group's earnings; improve the Group's cash flow position; and enhance the Group's financial performance and financial position in the medium to long-term.

Moving forward, the Group will remain focus in pursuing its key long-term strategies to diversify its business interests to generate a sustainable revenue stream while maintaining a steady growth. The Group is poised to undertake new and long-term property development ventures. As the demand for high-quality industrial and worker accommodation properties increases, the Group's expanded portfolio and proven track record in the existing businesses will likely result in higher occupancy rates, stable cash flows and improved profitability.

These initiatives not only drive immediate financial performance but also enhance the Group's competitive edge and long-term resilience, ultimately leading to sustained shareholder value and a promising future outlook for the Group.

Premised on the above as well as the outlook of the property investment industry and the CLQ industry as set out in **Sections 7.2** and **7.3** of this Circular, the Board believes that the Proposed Diversification may enhance the Group's future prospects as it represents an opportunity for the Group to generate additional stream of revenue and income in the future financial years.

Additionally, the Proposed ESOS is established to reward, retain and motivate the Eligible Persons by aligning their interests with the Group's corporate goals. This, in turn, is expected to further improve the Group's financial performance and enhance the Company's shareholders value in the long-term.

(Source: Management of the Company)

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7.6 Financial Commentary

The summary of key financial information of the Group for the financial years/periods under review is as follows:

	(Audited)			(Unaudited)	
	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	9M-FPE 2023 (RM'000)	9M-FPE 2024 (RM'000)
Revenue	270,802	422,350	449,765	353,101	282,706
PBT/LBT	3,977	(19,184)	(42,939)	722	(18,808)
PAT/LAT attributable to owners of the Company	2,050	(23,359)	(34,293)	86	(19,137)
Share capital	114,140	114,140	133,730	133,730	133,730
NA	215,575	207,237	176,156	217,641	157,085
No. of Shares in issue ('000)	492,756	492,756	584,732	584,732	584,732
Weighted average number of Shares in issue ('000)	409,353	483,375	552,672	552,672	575,331
NA per Share (RM)	0.44	0.42	0.30	0.37	0.27
EPS / LPS (sen)	0.50	(4.83)	(6.20)	0.02	(3.33)
Current assets	289,878	372,580	294,432	379,707	239,525
Current liabilities	153,821	365,662	291,744	336,625	247,349
Current ratio (times)	1.88	1.02	1.01	1.13	0.97
Total borrowings (excluding lease liabilities)	126,120	255,501	216,136	213,118	227,454
Gearing ratio (times)	0.59	1.23	1.23	0.98	1.45

Commentaries:

(a) 9M-FPE 2024 vs 9M-FPE 2023

The Group's revenue for the 9M-FPE 2024 decreased by RM70.39 million or 19.93% to RM282.71 million (9M-FPE 2023: RM353.10 million), mainly due to a decrease in revenue from the construction and support services segment of 38.05% or RM84.73 million to RM137.94 million in 9M-FPE 2024 (9M-FPE 2023: RM222.67 million) due to the fewer ongoing construction projects following the completion of several key projects.

The decrease in revenue was partially offset by an increase in revenue of RM14.12 million to RM143.54 million generated from the quarry operations segment in 9M-FPE 2024 (9M-FPE 2023: RM129.42 million).

The Group recorded a LAT of RM19.14 million for 9M-FPE 2024 compared to the PAT of approximately RM0.09 million for the 9M-FPE 2023, mainly due to lower gross profit of RM0.62 million in 9M-FPE 2024 (9M-FPE 2023: RM24.50 million) due to lower revenue generated in 9M-FPE 2024 as mentioned above, which was partially offset by:

- (i) lower other expenses of RM5.93 million in 9M-FPE 2024 (9M-FPE 2023: RM8.69 million) due to the absence of commission paid on the disposal of land in relation to the quarry operations amounting to RM3.00 million in 9M-FPE 2023; and
- (ii) lower finance costs of RM7.82 million in 9M-FPE 2024 (9M-FPE 2023: RM9.86 million) due to lower interest payments on refinanced loans.

(b) FYE 2023 vs FYE 2022

The Group's revenue for the FYE 2023 increased by RM27.42 million or 6.49% to RM449.77 million (FYE 2022: RM422.35 million), mainly due to increase in revenue from the quarry operations segment of 25.76% or RM35.86 million to RM175.09 million in the FYE 2023 (FYE 2022: RM139.23 million) due to higher production and sales volume and undertaking various projects from China Communications Construction (ECRL) Sdn Bhd, which was partially offset by decrease in revenue from construction and support services segment of 3.15% or RM8.88 million to RM273.33 million in the FYE 2023 (FYE 2022: RM282.21 million), mainly due to delayed progress from a newly secured project, the earthworks and main infrastructure project for Siera Alam (Phase 1) Section U10 Shah Alam, which was still at the initial stages of construction progress during the FYE 2023. Nevertheless, this project has since commenced on 1 March 2024.

The Group recorded a higher LAT of RM34.29 million for the FYE 2023 as compared to the LAT of RM23.36 million for the FYE 2022, mainly due to:

- (i) higher cost of sales of RM454.08 million in the FYE 2023 (FYE 2022: RM415.87 million) due to additional work scope undertaken on the WCE projects caused by as well as due to the significant increase in the prices of construction materials as set out in **Section 3.1** of this Circular; and
- (ii) additional impairment of other receivables of RM4.70 million due to the Acquisition of SERB in the FYE 2022.

(c) FYE 2022 vs FYE 2021

The Group's revenue for the FYE 2022 increased by RM151.55 million or 55.96% to RM422.35 million (FYE 2021: RM270.80 million), mainly due to:

- (i) increase in revenue from the construction and support services segment of 5.30% or RM14.21 million to RM282.21 million in the FYE 2022 (FYE 2021: RM267.99 million) due to advanced progress milestones from its on-going construction projects; and
- (ii) higher revenue from the quarry operations segment of RM139.23 million in the FYE 2023 (FYE 2022: Nil) due to the Group's diversification into the quarry business via the Acquisition of SERB in the FYE 2022.

The Group recorded a LAT of RM23.36 million for the FYE 2022 (FYE 2021: PAT of RM2.05 million), mainly due to:

- (i) lower gross profit of RM6.21 million in the FYE 2022 (FYE 2021: RM18.90 million) caused by the terminations of several earthwork projects in East Malaysia due to non-payments from defaulting clients and further loss preventive measures, resulting in a loss of RM11.7 million; and
- (ii) impairment of goodwill of RM23.10 million due to the underperformance of the quarry business segment related to the Acquisition of SERB in the FYE 2022. This impairment is in line with the Group's reassessment of the profitability of SERB in view that SERB has experienced underperformance and incurred ongoing losses in recent years, making it unlikely that it will achieve profitability in the near future;

which was partially offset by early settlement of the profit guarantee of RM30.8 million pursuant to the Acquisition of SERB in the FYE 2022.

7.7 Steps undertaken by the Group to improve the financial performance

The Group has undertaken the following measures to improve its financial performance and strengthen its financial position:

- (a) taking active measures to increase the revenue of SERB, a 51% owned subsidiary company of Advancecon Group, by cross selling SERB's quarry products to Advancecon Group's subcontractors who work at the project sites as SERB will get immediate exposure to Advancecon Group's subcontractors base without incurring additional marketing and time costs to generate sales leads;
- (b) enhancing the revenue of SERB by undertaking initiatives to re-engage inactive customers of SERB, such as deployment of dedicated sales personnel to provide personalised services to existing SERB customers, utilising all forms of communication channels to reconnect with the inactive customers, providing incentives or rebates to attract these group of customers, thereby potentially increasing SERB's sale of quarry products in the medium to long-term;
- (c) integrating the civil engineering activities of SERB into Advancecon, allowing SERB to focus on its core expertise of providing integrated quarry operation management and services;
- (d) on 21 May 2024, AISB was appointed by Sime Darby Property (Bukit Jelutong) Sdn Bhd as the contractor for the proposed main infrastructure works for Lot 80927 (Tiara Residences), Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan for a total contract sum of RM25.35 million.
- (e) on 15 July 2024, the Group entered into the JVSA for the Proposed CLQ Development;
- (f) on 23 July 2024, SESB entered into a Mining Services Agreement with Imerys Minerals Malaysia Sdn Bhd for the non-exclusive appointment of SESB as the contractor to carry out the mining works at Gunung Terundum in the Simpang Pulai/Keramat Pulai area in the state of Perak for a total estimated contract sum of RM110.00 million, underscoring Advancecon Group's proactive efforts to revitalise its underperforming quarry segment, which has been facing financial challenges; and
- (g) on 30 July 2024, AISB was appointed by Sime Darby Property (Bukit Raja) Sdn Bhd as the contractor for the proposed construction and completion of earthworks and ancillary works for the Bukit Raja township development project at Phase 4B (i17), Bandar Bukit Raja Stage 3, Mukim Kapar, District Klang, State of Selangor Darul Ehsan for a total contract sum of RM38.25 million.

The Board will continue to explore various opportunities present in the market place within the Group's existing businesses to enhance the Group's revenue and profitability. In view of the steps undertaken as abovementioned, the Board is of the opinion that the Group's strategies will improve the financial position of the Group in the future.

7.8 Impact of the Proposed ESOS and value creation for the Group

The Proposed ESOS aims to acknowledge, reward, incentivise and retain Eligible Persons whose contributions have been instrumental in fostering the growth and performance of the Group. By recognising and valuing their efforts, the Group endeavours to reinforce a sense of commitment and loyalty among these key contributors. Through the grant of ESOS Options at a predetermined Option Price, the Proposed ESOS incentivises the Eligible Persons to continue with their contribution to the future growth of the Group and aligns their interests with the Group's long-term strategic goals to drive shareholder value enhancement. As the business performance of the Group improves, the potential market price appreciation of Advancecon Shares in the long-term enables the Eligible Persons to realise higher capital returns upon exercising their ESOS Options.

Premised on the foregoing, the Board is of the opinion that the Proposed ESOS will incentivise its employees to improve the financial performance of the Group and thus enhance the value of the shareholders of the Group in the long-term.

7.9 Adequacy of the Proposed Diversification in addressing the Group's financial concern

As at the LPD, the Group's cash and bank balances stood at approximately RM12.85 million, which the Group intends to preserve for the working capital requirements of its various business segments. The Board is optimistic of the Group's venture into the Property Businesses, in view of the strategic locations and promising prospects of the Proposed Developments as set out in **Sections 7.2 and 7.3** of this Circular. Upon the successful completion of these projects, the rental income from the CLQs will improve the financial performance of the Group and ultimately strengthen the Group's capital base and NA as well as further enhance the growth prospects of the Group. After considering all aspects of the Proposals, including their rationale, use of proceeds and effects of the Proposed ESOS, the Board views them as appropriate measures to improve the Group's financial position. The expected benefits from these initiatives will contribute positively to the Group's overall performance.

The Board will continue to evaluate other viable measures, including additional fundraising avenues, to ensure adequate working capital and sustain the Group's business and financial performance in the medium to long-term.

8. EFFECTS OF THE PROPOSALS

The Proposed Diversification will not have any impact on the issued share capital, NA and gearing as well as the substantial shareholders' shareholdings of the Group as the Proposed Diversification does not entail any issuance of new Advancecon Shares.

8.1 Issued share capital

The Proposed ESOS is not expected to have an immediate effect on the Company's issued share capital until such time when the ESOS Options granted under the Proposed ESOS are exercised. The Company's issued share capital will increase progressively depending on the number of new Advancecon Shares to be issued upon the exercise of the ESOS Options granted under the Proposed ESOS and the Option Price.

For illustration, the pro forma effect of the Proposed ESOS on the issued share capital of the Company is as follows:

	No. of Shares	Issued share capital (RM)
As at the LPD	584,731,900	133,729,611
Less: Treasury shares	(9,439,900)	(3,264,222)
Share capital as at the LPD (excluding treasury shares)	575,292,000	130,465,389
Assuming full exercise of ESOS Options	86,293,800 ⁽¹⁾	21,832,331 ⁽²⁾
Enlarged issued share capital after the Proposed ESOS	661,585,800	152,297,720

Notes:

(1) Based on 15% of the total number of issued Shares as at the LPD.

(2) Based on an illustrative Option Price of RM0.2530 per ESOS Option.

8.2 Earnings/Losses and EPS /LPS

The Proposed ESOS is not expected to have any material effect on the earnings/losses of the Group, save for the possible impact of the MFRS 2 upon granting of the ESOS Options. However, any potential effect on the EPS/LPS of the Group in the future would depend on the impact of MFRS 2, the number and Option Price of the ESOS Options exercised as well as the utilisation of the proceeds arising therefrom.

Under the MFRS 2, the potential cost arising from the issuance of the ESOS Options, which is measured by the fair value of the ESOS Options after taking into account, inter-alia, the number of ESOS Options granted and vested and the Option Price, will need to be measured at the grant date and to be recognised as an expense over the vesting period and therefrom may affect the future earnings of the Group, the quantum of which can only be determined at the grant date. However, the estimated cost does not represent a cash outflow by the Company as it is merely an accounting treatment.

Nonetheless, the Group has taken note of the potential impact of the MFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of ESOS Options to the Eligible Persons.

Notwithstanding the above, the EPS/LPS of the Group will be diluted due to the Company's enlarged issued share capital arising from the issuance of new Advancecon Shares if and when the ESOS Options are exercised in the future. The effects of any exercise of the ESOS Options on the EPS/LPS of the Group would depend on the returns to be generated by the Group from the utilisation of proceeds from the exercise of the ESOS Options.

The Proposed Diversification is not expected to have any immediate material impact on the earnings and EPS of Advancecon for the FYE 2024. Nevertheless, the Proposed Developments are expected to contribute positively to the future earnings of Advancecon Group as and when the Proposed Developments progress.

8.3 NA per Advancecon Share and gearing

The effects of the Proposed ESOS on the Group's NA would depend on factors such as the number of ESOS Options granted and the fair value of the ESOS Options after taking into account, amongst others, the Option Price as well as any vesting condition. Whilst the granting of the ESOS Options under the Proposed ESOS is expected to result in recognition of a charge in the statement of comprehensive income of Advancecon Group pursuant to the MFRS 2, as issued by the Malaysian Accounting Standard Board, the recognition of such MFRS 2 charge would not affect the NA of Advancecon Group as the corresponding amount will be classified as an equity compensation reserve which forms part of shareholders' equity.

If none of the granted ESOS Options are exercised within the duration of the Proposed ESOS, the amount outstanding in the said equity reserve would be transferred into the Company's retained earnings. On the other hand, if the granted ESOS Options are exercised, the amount outstanding in the said equity reserve would be transferred into the share capital account of the Company.

The Proposed ESOS will not have any immediate effect on the consolidated NA per Advancecon Share until such time when the ESOS Options granted under the Proposed ESOS are exercised. The consolidated NA per Advancecon Share following the exercise of the ESOS Options will increase if the Option Price exceeds the consolidated NA per Advancecon Share at the point of exercise of the ESOS Options and conversely will decrease if the Option Price is below the consolidated NA per Advancecon Share at the point of the exercise of the ESOS Options.

The Proposed ESOS is not expected to have an immediate effect on the Group's gearing level until such time when the ESOS Options granted are exercised. The effect on the gearing will depend on the change in the NA, which in turn will depend on the actual number of new Advancecon Shares to be issued as well as the Option Price payable upon the exercise of the ESOS Options.

The Proposed Diversification is not expected to have any immediate material impact on the NA per Share and gearing of Advancecon Group for the FYE 2024. However, the impact on the future NA per Share and/or gearing of Advancecon Group will depend on the development timeframe and the future profit contribution arising from the Group's venture into the Property Businesses.

8.4 Substantial shareholders' shareholdings

The Proposed ESOS is not expected to have any immediate effect on the Company's substantial shareholders' shareholdings until such time when the ESOS Options are exercised into new Advancecon Shares. Any potential effect on the Company's substantial shareholders' shareholdings will depend on the actual number of new Advancecon Shares issued pursuant to the exercise of the ESOS Options at the relevant point in time.

8.5 Convertible securities

As at the LPD, the Company does not have any convertible securities.

9. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of our Shares for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
2023		
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
April	0.285	0.265
May	0.295	0.270
June	0.285	0.265
July	0.290	0.255
August	0.275	0.235
September	0.260	0.230
October	0.250	0.235
Last transacted market price for Advancecon Shares on 23 August 2024 (being the last trading day prior to the Company's announcement on 26 August 2024)	0.260	
Last transacted market price for Advancecon Shares as at the LPD	0.235	

(Source: Bloomberg Finance L.P.)

10. APPROVALS REQUIRED

The Proposals are subject to approvals being obtained from the following:

- (i) Bursa Securities for the listing and quotation for such number of Advancecon Shares, representing up to 15% of the Company's total number of issued Shares (excluding treasury shares, if any), to be issued pursuant to the Proposed ESOS on the Main Market of Bursa Securities.;

The approval from Bursa Securities was obtained via its letter dated 19 November 2024, subject to the following conditions:

Conditions		Status of compliance
(a)	Advancecon and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed ESOS	To be complied

Conditions		Status of compliance
(b)	TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation of the Proposed ESOS together with a certified true copy of the resolution passed by the shareholders in a general meeting approving the Proposed ESOS; and	To be complied
(c)	Advancecon is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Advancecon Shares listed pursuant to the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) the shareholders of the Company at an EGM to be convened for the Proposals; and
- (iii) any other relevant regulatory authorities and/or parties, if required.

11. CONDITIONALITY OF THE PROPOSALS

The Proposed ESOS and Proposed Diversification are not inter-conditional.

The Proposals are not conditional upon any other corporate exercise/scheme of the Company.

For the avoidance of doubt, the Proposed Diversification is not conditional upon Perak Corp's Regularisation Plan.

12. CORPORATE PROPOSALS ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposals, the Board is not aware of any corporate exercise which was announced but not yet completed prior to the printing of this Circular.

13. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

(i) Proposed Diversification

None of the Directors, major shareholders and chief executive of Advancecon and/or Persons Connected with them have any interest, direct or indirect, in the Proposed Diversification.

(ii) Proposed ESOS

Save for the Eligible Directors and Phum Boon Jye, a Person Connected with Dato' Phum, none of the Directors, major shareholders, chief executive of Advancecon and/or Persons Connected with them have any interest, direct or indirect, in the Proposed ESOS.

The Eligible Directors are eligible to participate in the Proposed ESOS and are therefore deemed interested to the extent of their respective proposed allocations and the proposed allocations to Persons Connected with them, if any, under the Proposed ESOS. Notwithstanding this, the Board has deliberated on the Proposed ESOS as a whole and have agreed to present the Proposed ESOS to the shareholders for their consideration and approval at the EGM to be convened.

Accordingly, all the Eligible Directors have and will continue to abstain from all Board deliberations and voting in respect of their respective proposed allocations and the proposed allocations of Persons Connected with them under the Proposed ESOS, if any, at the relevant Board meetings.

The Directors who are deemed Persons Connected with Eligible Persons under the Proposed ESOS, if any, have and will continue to abstain from all Board deliberations and voting in respect of the proposed allocations to Persons Connected with them under the Proposed ESOS, if any, at the relevant Board meetings.

The Eligible Directors will also abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocations to them and the proposed allocations to Persons Connected with them, if any, under the Proposed ESOS, to be tabled at the EGM to be convened. They will also undertake to ensure that Persons Connected with them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocations to themselves and Persons Connected with them, if any, under the Proposed ESOS, to be tabled at the EGM to be convened.

The direct and indirect shareholdings of the Eligible Directors and Phum Boon Jye, a Person Connected with Dato' Phum, as at the LPD are set out as follows:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Director and major shareholder</u>				
Dato' Phum	97,563,750	16.96	150,000 ⁽¹⁾	0.03
<u>Directors</u>				
Tung Kai Hung	9,775,250	1.70	-	-
Tan Chee Keong	599,900	0.10	-	-
<u>Person Connected with an Eligible Director, Dato' Phum</u>				
Phum Boon Jye ⁽²⁾	60,000	0.01	-	-

Notes:

- (1) Deemed interested by virtue of his children namely Phum Boon Lim's and Phum Boon Jye's shareholdings in Advancecon pursuant to Section 59(11)(c) of the Act.
- (2) She is a Finance Executive of the Company and daughter of Dato' Phum.

14. DIRECTORS' STATEMENT AND RECOMMENDATION

(i) Proposed Diversification

After having considered all aspects of the Proposed Diversification (including but not limited to the rationale and prospects of Advancecon Group), the Board is of the opinion that the Proposed Diversification is in the best interest of Advancecon and accordingly recommends the shareholders to vote in favour of the resolution in respect of the Proposed Diversification to be tabled at the forthcoming EGM.

(ii) Proposed ESOS

After having considered all aspects of the Proposed ESOS including but not limited to the rationale, proposed utilisation of proceeds from the exercise of ESOS Options and effects of the Proposed ESOS, the Board is of the opinion that the Proposed ESOS is in the best interest of Advancecon and accordingly recommends the shareholders to vote in favour of the resolutions in respect of the Proposed ESOS to be tabled at the forthcoming EGM.

In view that the Eligible Directors are deemed interested in the Proposed ESOS to the extent of their respective allocations and the allocations to the Persons Connected with them, if any, under the Proposed ESOS, such Eligible Directors have abstained from deliberating and forming any opinion and making any recommendation on the resolutions to be tabled at the forthcoming EGM on their respective allocations and the allocations to the Persons Connected with them, if any, under the Proposed ESOS.

15. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposals to be completed by the end of 2024.

16. EGM

The EGM, the notice of which is set out in this Circular, will be conducted on a fully virtual basis through live streaming and remote participation and voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via TIIH Online website at <https://tiih.online> on Wednesday, 18 December 2024 at 10.00 a.m., or at any adjournment thereof for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposals.

If you are unable to attend and vote at the EGM, you may appoint a proxy or proxies (not more than 2) to attend, participate, speak and vote remotely on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions provided therein.

The completed and signed Form of Proxy must be lodged with our Poll Administrator, Tricor Investor & Issuing House Services Sdn Bhd at its office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, or alternatively by electronic lodgement via Tricor's TIIH Online website at <https://tiih.online>, not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof.

The lodgement of the Form of Proxy will not, however, preclude you from attending, participating, speaking and voting remotely at the EGM should you subsequently wish to do so.

17. FURTHER INFORMATION

You are advised to refer to the Appendices set out in this Circular for further information.

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

TUNG KAI HUNG
Executive Director

SALIENT TERMS OF THE CA AND THE ADDENDUM (AS SUPERSEDED AND TERMINATED UPON EXECUTION OF THE JVSA)

The salient terms of the CA and Addendum are set out below:

- Scope of the collaboration** : (i) PKNPk and Advancecon agreed to execute the CA to record amongst others, their respective roles and responsibilities and other matters in relation to:
- (a) the Refurbishment Works for Asrama Murni Block B by Advancecon, for the conversion of Asrama Murni Block B into dormitory styled accommodation for 288 employees of Carsem (M) Sdn Bhd (S-Site) (“**Tenant**”); and
 - (b) the JV Project.
- (ii) Pursuant to the Addendum, PKNPk and Advancecon agreed to further undertake the Refurbishment Works for Asrama Murni Block A, for the conversion of Asrama Murni Block A into dormitory styled accommodation for 192 employees of the Tenant, in accordance with the terms and conditions for the Refurbishment Works for Asrama Murni Block B in the CA.
- Effective date and term** : Unless earlier terminated in accordance with the termination provisions, the CA shall commence on 10 November 2022 (“**Effective Date – CA**”) and shall remain valid for a period of 12 months (“**Term**”). The Term may be extended for a further period of 6 months upon mutual agreement of PKNPk and Advancecon (“**Extended Term**”).
- Asrama Murni CLQs** : (i) The Refurbishment Works for Asrama Murni Block B shall be undertaken in full compliance with all applicable laws and regulations. Advancecon shall secure and maintain all relevant approvals for the Refurbishment Works.
- (ii) Upon completion of the Refurbishment Works:
- (a) Asrama Murni Block B shall meet all requirements of Act 446 for labour quarters accommodating 288 workers; and
 - (b) Advancecon shall apply and secure the Certificate of Accommodation from the Department of Labour Peninsular Malaysia for Asrama Murni Block B.
- (iii) The costing projection for the Refurbishment Costs shall be mutually agreed by PKNPk and Advancecon prior to the commencement of the Refurbishment Works. All such Refurbishment Costs shall be solely borne by Advancecon.
- (iv) Pursuant to the Addendum, the Refurbishment Works for Asrama Murni Block A shall be undertaken in accordance with the abovementioned terms and conditions.

SALIENT TERMS OF THE CA AND THE ADDENDUM (AS SUPERSEDED AND TERMINATED UPON EXECUTION OF THE JVSA) (CONT'D)

- The JV Project** : (i) As at the Effective Date – CA, PKNPk and Advancecon have identified 3 strategic locations to be considered for the implementation of the JV Project, namely, the Strategic Locations.
- (ii) In addition to the Strategic Locations, PKNPk and Advancecon agree to explore Additional Locations for the JV Project throughout the Term. Unless with prior written consent of the other party, PKNPk and Advancecon each agrees that it shall not collaborate with any third party on any initiative(s) and/or project(s) similar to the JV Project.
- (iii) The JV Project is subject to the execution of a shareholders' agreement by PKNPk and Advancecon (or their appointed nominees, subsidiaries or related entities) ("**Shareholders' Agreement**"). PKNPk and Advancecon shall use their reasonable efforts to conclude the negotiation and finalisation of the terms and conditions for the JV Project throughout the Term, with a view to execute the Shareholders' Agreement before the expiry of the Term or Extended Term, as the case may be. For information purposes, the JVSA (which is the Shareholders' Agreement in this context) has been executed by AVSB and PESB on 15 July 2024.
- (iv) The following represents the general terms and conditions relating to the JV Project, which are being discussed and considered by PKNPk and Advancecon. The final terms and conditions for the JV Project shall be recorded and reflected in the Shareholders' Agreement:
- (a) PKNPk and Advancecon are considering to implement the JV Project via the establishment of a new JVC;
 - (b) the paid-up capital and authorised capital of the JVC as well as other matters related thereto shall reflect the requirements and nature of the JV Project;
 - (c) the proposed equity participation of the JVC shall be as follows:
 - (A) 70% to be held by Advancecon (or its wholly-owned subsidiary), to be satisfied through cash injection required for the implementation and undertaking of the JV Project; and
 - (B) 30% to be held by PKNPk (or its wholly-owned subsidiary), to be satisfied via injection of proprietorship of the Strategic Locations and Additional Locations (if any) into the JVC, based on their market values to be evaluated by a mutually appointed licensed valuer;
 - (d) the appointment of the chief executive officer or managing director of the JVC shall be mutually agreed by PKNPk and Advancecon;
 - (e) priority shall be given to Advancecon's subsidiary to be appointed as the main contractor for the construction works for the JV Project. Nevertheless, the terms and conditions of such construction contracts and all related negotiations shall be on arm's length basis; and
 - (f) all costs and expenses incurred in undertaking and performing the respective roles and responsibilities of PKNPk and Advancecon as set out in the CA shall be verified and mutually agreed, and thereafter recovered from the JVC.

SALIENT TERMS OF THE CA AND THE ADDENDUM (AS SUPERSEDED AND TERMINATED UPON EXECUTION OF THE JVSA) (CONT'D)

- (v) If the JV Project does not materialise, Advancecon shall be entitled to claim the Refurbishment Costs, together with a sum equivalent to 20% of the Refurbishment Costs through collection of monthly rentals directly payable by the Tenant.
- Roles and responsibilities of PKNPk :**
- (i) To secure the availability of the lands for the Strategic Locations or Additional Locations (if any) and to prepare the lands for injection into the JVC after the execution of the Shareholders' Agreement.
 - (ii) To assist Advancecon in approaching the industry players and/or industrial manufacturers in the state of Perak to determine their requirements relating to CLQs to be constructed under the JV Project; and
 - (iii) To assist Advancecon in securing the requisite regulatory approvals for the JV Project.
- Roles and responsibilities of Advancecon :**
- (i) To perform relevant due diligence, feasibility, market, environmental assessment studies and any other requisite studies;
 - (ii) To take charge of securing the relevant expertise, equipment and materials for the JV Project; and
 - (iii) To conduct research and survey with the industry players and/or industrial manufacturers in the state of Perak to determine their requirements relating to the JV Project.
- Mutual roles and responsibilities of PKNPk and Advancecon :**
- (i) To identify, discuss and conclude the terms and conditions in implementing the JV Project; and
 - (ii) To adhere to the agreed timeline with a view to execute the Shareholders' Agreement before the expiry of the Term or the Extended Term, as the case may be.
- Default termination and :**
- (i) The CA shall automatically terminate:
 - (a) by mutual agreement of PKNPk and Advancecon;
 - (b) immediately upon the execution of the Shareholders' Agreement and upon incorporation of the JVC, whichever is the later;
 - (c) 7 days after the service of a default notice by the non-defaulting party to the defaulting party, by virtue of:
 - (A) the defaulting party being in material breach of any term of the CA, and if the breach is capable of remedy, failure to remedy the breach within 14 business days; or
 - (B) the insolvency, dissolution or winding-up of the defaulting party; or
 - (d) on the day falling after the Term or Extended Term, as the case may be.
 - (ii) Following termination of the CA:
 - (a) PKNPk and Advancecon shall return all confidential information received pursuant to the CA within 7 days after termination; and

SALIENT TERMS OF THE CA AND THE ADDENDUM (AS SUPERSEDED AND TERMINATED UPON EXECUTION OF THE JVSA) (*CONT'D*)

- (b) save for antecedent breach, neither party shall have any claim against the other party, nor shall be entitled to any compensation for termination or severance payment.

Governing law : The laws of Malaysia.

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SALIENT TERMS OF THE JVSA

The salient terms of the JVSA are set out below:

- Subject matter** : Pursuant to the CA and Addendum, PKNPk and Advancecon agreed to refurbish and upgrade the Asrama Murni CLQs into dormitory styled accommodation for conversion into CLQs. As at the date of the JVSA, the Refurbishment Works for the Asrama Murni CLQs have been fully completed. PESB and AVSB have agreed to jointly undertake the JV Project on the Strategic Locations and Additional Locations through CLQSSB, being a joint venture vehicle of PESB and AVSB. In the context of the JVSA, “**JV Project**” shall include the management of the Asrama Murni CLQs. In relation thereto, the JVSA is entered into by PESB and AVSB to:
- (i) give effect to their intentions, record and regulate the affairs of CLQSSB;
 - (ii) give effect to their respective rights and obligations as shareholders of CLQSSB; and
 - (iii) regulate their respective obligations in the management of CLQSSB.
- Effective date and term** : The JVSA shall take effect from 15 July 2024. Unless otherwise terminated by mutual agreement or pursuant to the termination provisions, the JVSA shall be valid as long as the parties agree and PESB and AVSB remain as shareholders of CLQSSB.
- Obligations of PESB for the JV Project** :
- (i) Subject to the receipt of the suitability report issued by AVSB upon completion of the feasibility studies, due diligence, market and environmental assessment studies and any other requisite studies (“**Studies**”) confirming the suitability of the Strategic Locations and/or Additional Locations for the JV Project (“**Suitability Report(s)**”), to secure from PKNPk the Strategic Locations and/or Additional Locations and cause an Option to Acquire Agreement to be executed.
 - (ii) To be responsible in procuring PKNPk’s consent for the creation of a third party legal charge on the title of any of the Strategic Locations or Additional Locations, as security for any loan granted to CLQSSB strictly for financing the development of the JV Project;
 - (iii) Where the land has not been registered in the name of CLQSSB and where applicable, to cause PKNPk to submit the application for renewal of the leasehold period for the Strategic Locations or Additional Locations;
 - (iv) Subject to fulfilment of all terms and conditions of the Option to Acquire Agreement, to procure PKNPk’s execution and submission of all documents for transfer of ownership of the lands for the Strategic Locations or Additional Locations to CLQSSB, as identified in the Notice to Transfer;
 - (v) To assist CLQSSB and where applicable, procure PKNPk to submit and obtain the necessary regulatory approvals for the JV Project;
 - (vi) To facilitate engagement by CLQSSB with industry players and/or industrial manufacturers in the state of Perak to determine their requirements relating to CLQs to be constructed under the JV Project; and
 - (vii) Subject to the terms and conditions of the JVSA, to procure PKNPk to not dispose, lease or otherwise deal with the Strategic Locations and/or Additional Locations, as the case may be.
- Obligations of AVSB for the JV Project** :
- (i) To conduct the Studies to determine the suitability of each of the Strategic Locations and Additional Locations for the JV Project and thereafter, to submit the respective Suitability Reports to PESB for approval;

SALIENT TERMS OF THE JVSA (CONT'D)

- (ii) To take charge of securing the relevant expertise, equipment and materials for the JV Project;
 - (iii) To conduct the research and survey with industry players and/or industrial manufacturers in the state of Perak to determine their requirements relating to CLQs to be constructed under the JV Project;
 - (iv) To ensure that the identified Strategic Locations and Additional Locations are developed into CLQs for the purpose of the JV Project on a best endeavour basis;
 - (v) In the event that the Costs of the JV Project incurred by AVSB has not reached 70% in value in comparison to PESB's shareholding proportion at the time of execution of each Option to Acquire Agreement, to cause Advancecon's issuance of the corporate guarantee for share capital in favour of PESB ("**Guarantee for Share Capital**"), in accordance with the terms and conditions of the JVSA; and
 - (vi) In the event any of the Strategic Locations or Additional Locations is required by CLQSSB to be utilised as security by way of a third party legal charge, in respect of any loan granted to it strictly for financing the development of the JV Project, to cause Advancecon's issuance of the corporate guarantee for consent to charge in favour of PKNPk, in accordance with the terms and conditions of the JVSA.
- Share capital and shareholding structure of CLQSSB :**
- (i) As at the date of the JVSA, the share capital of CLQSSB is RM10.00 only divided into 10 ordinary shares of RM1.00 only each, all of which are fully paid and held by AVSB.
 - (ii) Within 10 business days from the date of the JVSA, AVSB shall sell and transfer 3 ordinary shares of CLQSSB at the total consideration of RM3.00 only to PESB.
 - (iii) The following shareholding proportions of CLQSSB shall remain unchanged for the duration of the JVSA:
 - (a) 70% to be held by AVSB; and
 - (b) 30% to be held by PESB.
 - (iv) If there exists any AVSB's Excess, PESB shall not be required to make further capital contribution and the AVSB's Excess shall be treated as shareholder's advances from AVSB, which at AVSB's option, shall be:
 - (a) repaid to AVSB at the first opportunity when the accounts of CLQSSB allow for the same, preferably before distribution of dividends; or
 - (b) utilised as AVSB's capital contribution for the next project involving the other Strategic Locations and/or Additional Locations.
 - (v) AVSB's shareholding proportion shall be contributed pursuant to the Costs of the JV Project, as valued by a qualified and registered quantity surveyor prior to the issuance of each Notice to Transfer, and via cash injection. PESB's shareholding proportion shall be contributed in the form of transfer of the lands for the Asrama Murni CLQs, the Strategic Locations and the Additional Locations at the value ascertained by a registered valuer in accordance with the terms of the JVSA.

SALIENT TERMS OF THE JVSA (CONT'D)

- (vi) Capitalisation of the respective shareholding proportions of AVSB and PESB shall take place at the point of injection of the lands for the Asrama Murni CLQs, the Strategic Locations and/or the Additional Locations.
 - (vii) As at the date of the JVSA, the estimated Refurbishment Costs for the Refurbishment Works for the Asrama Murni CLQs amount to RM3,997,099.34 only and shall be considered as AVSB's contribution towards its shareholding proportion in CLQSSB.
- Management and board composition of CLQSSB** : The business and affairs of CLQSSB shall be managed by its board of directors comprising a total of 5 directors, of which 3 directors shall be nominated by AVSB and 2 directors shall be nominated by PESB.
- Events of default** : The occurrence of any of the following shall constitute an event of default ("Event(s) of Default"):
 - (i) breach of any provisions of the JVSA by any party and failure to remedy such breach within 30 days after receipt of written notice from the non-defaulting party;
 - (ii) insolvency, dissolution or winding up of any party; or
 - (iii) cessation of (or threaten to cease) the whole or any substantial part of business by any party, other than in the course of reconstruction or amalgamation approved by the other parties.
- Termination** :
 - (i) Upon the occurrence of any of the Event(s) of Default, the non-defaulting party(ies) shall be entitled to request either of the following:
 - (a) if the defaulting party is a shareholder of CLQSSB, the defaulting party to sell all of its shares in CLQSSB to the non-defaulting shareholder, at the discounted price equivalent to 90% of the market price determined and certified by an independent firm of reputable accountants; or
 - (b) that CLQSSB be wound up.
 - (ii) Upon termination of the JVSA, save for any accrued right of action prior to termination or out of which such termination shall have arisen, none of the parties shall have any claims against the others for costs, damages, compensation or otherwise.
 - (iii) If the JVSA is terminated for reasons not attributable to an Event of Default and the parties are unable to arrange for the sale of the shares in CLQSSB either to another party to the JVSA or a third party, CLQSSB and all of its subsidiaries shall be liquidated as soon as practicable. Any surplus assets after the conclusion of the liquidation proceedings shall be distributed to the shareholders in accordance with their shareholding proportions at the time of the liquidation.
- Governing law** : The laws of Malaysia.

SALIENT TERMS OF THE JDA

The salient terms of the JDA are set out below:

- Background and particulars of the joint development** :
- (i) On 12 August 2022, Perak Corp and PKNPk entered into a memorandum of understanding to explore the proposed collaboration involving, amongst others, the utilisation of Perak Corp’s expertise to develop a number of PKNPk’s strategic landbanks. On 31 March 2023, Perak Corp and PKNPk entered into the MDA setting out the general and overarching terms and conditions for the proposed collaboration, including but not limited to the proposed development of the SVTP Industrial Hub.
 - (ii) Pursuant to the MDA, Perak Corp and PKNPk confirmed the proposed development of the SVTP Industrial Hub as a confirmed development initiative. On 8 January 2024, Perak Corp and PKNPk entered into the JVA as the definitive agreement setting out the terms and conditions on the collaboration between Perak Corp and PKNPk for the development of the SVTP Industrial Hub.
 - (iii) Perak Corp’s obligations under the JVA include the appointment of a strategic partner for the implementation and carrying out of the works for the Main Infrastructure (“**Works**”) on the Subject Sites. Pursuant thereto, ADSB was appointed as the joint venture partner of Perak Corp for the Development and sale of the Industrial Lots to end-purchasers (“**Sale**”).
 - (iv) The Works shall be completed within 5 years from the first day following the day on which all the conditions precedent of the JDA (“**Condition(s) Precedent**”) are fulfilled (“**Unconditional Date**”) (“**Completion Date**”). The Completion Date may be extended for a mutually agreed period. Upon request by ADSB, Perak Corp may grant an extension of time of the Completion Date and such request shall not be unreasonably withheld.
- Effective date and term** :
- The collaboration of Perak Corp and ADSB in relation to the Development commences following the execution of the JDA and will continue until the later of the following:
- (i) subject to any extension pursuant to the terms of the JDA, the expiry of 5 years from the Unconditional Date; or
 - (ii) the date of termination of the JDA.
- Conditions Precedent** :
- The JDA is conditional upon fulfilment of the following Conditions Precedent within 15 months from the date of the JDA (or such other mutually agreed extended period):
- (i) ADSB obtaining the appropriate authorities’ approvals for the Development, which was obtained on 20 September 2024;
 - (ii) Perak Corp and ADSB obtaining its shareholders’ approval;
 - (iii) Perak Corp and ADSB obtaining approvals of Bursa Securities or other regulatory bodies;
 - (iv) grant of a written undertaking by PKNPk that the Subject Sites are free from encumbrances and the original issue document of titles of the Subject Sites shall be released to Perak Corp immediately upon its written request for change of land category, condition or restriction, or charge of the Subject Sites to a third party financier by ADSB in accordance with the provisions of the JDA; and

SALIENT TERMS OF THE JDA (CONT'D)

- (v) ADSB obtaining the bridging financing facility or other financial arrangement that may be secured to fund the Development Cost^(*).

()Note: Notwithstanding the terms of the JDA, the Company confirmed that the funding would not include the PKNPk's Basic Revenue Share.*

Consideration : Subject to the terms of the JDA:

(i) PKNPk's Basic Revenue Share

Pursuant to the JVA, PKNPk is entitled to a sum equivalent to RM9.70 per square foot of each of the Industrial Lots sold to end-users.

(ii) Perak Corp's Revenue Share

Subject to full payment of the Development Cost, Perak Corp is entitled to the Perak Corp's Revenue Share. In acknowledgement that Perak Corp shall incur costs in the implementation of the joint development, pending full payment of all Development Cost, Perak Corp shall be paid an amount equivalent to 10% (or any other percentage as mutually agreed from time to time) from the proceeds of sales for each Industrial Lot sold to end-purchasers, after deducting the advances paid by ADSB on behalf of Perak Corp in relation to Perak Corp's obligations under the JDA (if any). Such amount paid shall be deducted from the total Perak Corp's Revenue Share.

(iii) ADSB's Revenue Share

Subject to full payment of the Development Cost, PKNPk's Basic Revenue Share and Perak Corp's Revenue Share, ADSB is entitled to a sum equivalent to 65% of the Nett Development Value.

Duties of Perak Corp : The duties of Perak Corp include to procure PKNPk:

- (i) to make the Subject Sites available and grant a non-exclusive licence to Perak Corp and ADSB for the Development and Works;
- (ii) to keep the original issue document of titles to the Subject Sites in their safe keeping and make them available for purposes of the Development or Sale;
- (iii) to execute and provide all necessary documents for the creation of charge or security over the Subject Sites;
- (iv) to at all times co-operate and use its best endeavours to act on matters below to enable ADSB to discharge its duties under the JDA;
- (v) to promptly and diligently:
 - (a) enter into planning or other obligations with the local planning authority or other appropriate authorities for the Development;
 - (b) enter into sale agreements as the registered owner of the Industrial Lots for completion of the Sale; and
 - (c) initiate such claims or be a party to such actions and proceedings as may be necessary for fulfilment of the obligations under the JDA; and
- (vi) to grant a limited and revocable power of attorney in favour of Perak Corp or ADSB, whichever appropriate, as its attorney to deal with the Subject Sites for the purposes of the Development and the JDA.

SALIENT TERMS OF THE JDA (CONT'D)

- Duties of ADSB** : The duties of ADSB include:
- (i) to prepare and submit to Perak Corp, the Development works programme outlining the timeline of the Development;
 - (ii) to submit the layout plan to the appropriate authorities and to prepare the application for subdivision of title in accordance with the terms of the JDA;
 - (iii) to undertake the planning and management of the Development, as well as to monitor the progress of, co-ordinate, superintend and supervise the Development;
 - (iv) to fund or procure the funding of all requisite Development Cost^(*) and to exercise cost controls;
 - (v) to appoint the professional persons and contractors for the Works;
 - (vi) to determine promotional and marketing campaigns, handle the Sale and conduct negotiations for the Sale;
 - (vii) to design, construct and develop all the Main Infrastructure comprised in the development plan for the Development in accordance with the approved layout plans and mutually agreed timeline;
 - (viii) to deposit all proceeds of the Sale into the proceeds account to be maintained by ADSB and jointly operated by ADSB, Perak Corp and PKNPk for management and distribution in accordance with the terms of the JDA;
 - (ix) to provide technical knowledge, skills, expertise, consultancy and such other services in respect of the Development;
 - (x) to advance the monies to pay the outstanding quit rents amounting to RM12,642,494.60 as at the date of the JDA, assessments, rates and other outgoings in stages for the parcels involved in a stage of the Development based on the approved development plan. All such advances shall be deducted from PKNPk's Basic Revenue Share.
 - (xi) to advance the monies to pay all costs to remove or evict any squatters and/or illegal building and structure on the Subject Sites. All such advances shall be deducted from Perak Corp's Revenue Share; and
 - (xii) in the event of any proposed creation of charge over any parcel of the Subject Sites to fund the Development Cost^(*):
 - (a) to procure the grant of a corporate guarantee by Advancecon in favour of PKNPk; and
 - (b) where required by PKNPk and Perak Corp, to provide an indemnity, in such form and substance satisfactory to PKNPk and Perak Corp.

()Note: Notwithstanding the terms of the JDA, the Company confirmed that the funding would not include the PKNPk's Basic Revenue Share.*

- Events of default** : (i) It is an event of default if ADSB:
- (a) fails, neglects and/or refuses to commence the Works within 6 months after the Unconditional Date (or such mutually agreed extended period);

SALIENT TERMS OF THE JDA (CONT'D)

- (b) fails to complete the Development by the Completion Date;
 - (c) fails to proceed with the Works diligently or the carrying out of the Works is wholly suspended continuously for more than 3 months;
 - (d) persistently or flagrantly breaches or neglects to comply with or carry out any of its material obligation under the JDA; or
 - (e) is in breach of any of its obligations or any of the warranties, representations, covenants or terms under the JDA and if capable of remedy, is not remedied within 30 business days of written notice from Perak Corp.
- (ii) It is an event of default if Perak Corp is in breach of any of its obligations, warranties, representations, covenants or terms under the JDA and if capable of remedy, is not remedied within 30 business days of written notice from ADSB.
- (iii) Upon occurrence of any such event of default, the non-defaulting party may require the defaulting party to remedy the default within 21 days from the date of receipt of a notice in writing (or such other mutually agreed period). Upon the expiry of the notice, the non-defaulting party may, for so long as the relevant default or event is continuing, without prejudice to any other right or remedy, terminate the JDA with immediate effect by notice in writing.
- (iv) In the event of insolvency, dissolution or winding up of the any party, the other party to the JDA may, without prejudice to any other right or remedy, terminate the JDA with immediate effect by notice in writing.

Termination

- : (i) Termination upon expiry

Unless otherwise extended pursuant to the terms of the JDA, the JDA shall terminate at the expiry of the 5-years term from the Unconditional Date.

- (ii) Termination for default or insolvency of ADSB

If the JDA is terminated for default by or insolvency, dissolution or winding up of ADSB:

- (a) ADSB must cease all operations on the Subject Sites, quit and return possession of the Subject Sites after completion of any restoration works, if requested by Perak Corp. All such restoration works must be completed within 30 days (or such other period agreed by Perak Corp, in consultation with PKNPk);
- (b) Perak Corp shall be entitled to retain all monies received and to claim for damages from ADSB for losses incurred by reason of or caused by the default of ADSB;
- (c) Perak Corp shall be entitled to institute proceedings for remedy of specific performance, together with full reimbursement of all costs and expenses incurred in the enforcement of such remedy; and
- (d) Perak Corp shall be entitled to take over the Development and appoint a contractor to continue the Development. All costs and expenses reasonably incurred for such appointment as well as all costs for completion of the Development shall be paid by ADSB.

SALIENT TERMS OF THE JDA (CONT'D)

(iii) Termination for default or insolvency of Perak Corp

If the JDA is terminated for default by or insolvency, dissolution or winding up of Perak Corp, ADSB shall be entitled to claim for reimbursement of all costs and expenses incurred up to the effective date of termination.

(iv) Notwithstanding anything contained in the JDA, the termination of the JDA will not affect those parcels of sold or unsold Industrial Lots. Perak Corp and ADSB must continue to perform their obligations in respect of the Industrial Lots in accordance with the terms of the JDA. The respective rights, title and interests to PKNPk's Basic Revenue Share and Perak Corp's Revenue Share comprised in such Industrial Lots shall remain unaffected.

Governing Law : The laws of Malaysia.

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DRAFT BY-LAWS**BY-LAWS FOR THE ADVANCECON EMPLOYEES' SHARE OPTION SCHEME****1. DEFINITIONS AND INTERPRETATION**

1.1 In these By-Laws (as defined below), unless otherwise specified or where the context otherwise requires, the following definitions shall be deemed to have the following meanings:

Act	: Companies Act 2016, as may be amended from time to time and including any re-enactment thereof;
Advancecon or Company	: Advancecon Holdings Berhad (Registration No.: 199701011469 (426965-M));
Advancecon Group or Group	: Collectively, the Company and its subsidiaries as defined in Section 4 of the Act (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any) and where the context so requires, any one (1) of them. Subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the Duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in By-Law 25.5;
Adviser	: A recognised principal adviser that fulfils the requirements set out in the Licensing Handbook of the Securities Commission Malaysia, as may be appointed and approved by the Board;
Board	: The board of directors of the Company for the time being;
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W));
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W));
By-Laws	: These by-laws governing the Scheme, as may be amended or modified and/or supplemented from time to time in accordance with By-Law 17;
CDS Account	: A central depository system account established by Bursa Depository for the recording of deposits and withdrawals of securities and dealings in such securities by a depositor;
Constitution	: The constitution of the Company, as may be amended from time to time;
Date of Expiry	: The last day of the Duration of the Scheme as provided in By-Law 20;
Date of Offer	: The date on which an Offer (including subsequent Offers) (as described in By-Law 5) is made to an Eligible Person by the ESOS Committee;
Duration of the Scheme	: The duration of the Scheme as outlined in By-Law 20 and includes any extension thereof;
Effective Date	: Shall have the meaning ascribed to it in By-Law 20.1;
Eligible Director(s)	: Any executive director(s) of the Advancecon Group who fulfils the criteria of eligibility for participation in the Scheme as set out in By-Law 3;

DRAFT BY-LAWS (CONT'D)

Eligible Person(s)	: Any (a) Eligible Director(s); and/or (b) employee(s) of the Advancecon Group who meet(s) the criteria of eligibility for participation in the Scheme as set out in By-Law 3;
ESOS Committee	: The committee comprising such persons as appointed and authorised by the Board to implement and administer the Scheme in accordance with the provisions of these By-Laws;
ESOS Option(s)	: The right of a Grantee to subscribe for new Share(s) pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner indicated in By-Law 6 and where the context so requires, includes any part of the ESOS Option(s) as shall remain unexercised;
Grantee(s)	: Eligible Person(s) who has/have accepted the Offer in accordance with the provisions of By-Law 6;
Interested Parties	: Shall have the meaning ascribed to it in By-Law 3.4;
Listing Requirements	: Main Market Listing Requirements of Bursa Securities, as may be amended from time to time;
Market Day(s)	: Day(s) on which Bursa Securities is open for trading in securities, which may include a Surprise Holiday;
Maximum Allowable Allotment	: Shall have the meaning ascribed to it in By-Law 4.1;
Maximum Limit	: Shall have the meaning ascribed to it in By-Law 2.1;
Notice	: Shall have the meaning ascribed to it in By-Law 9.4;
Offer(s)	: Written offer(s) by the ESOS Committee to an Eligible Person to participate in the Scheme in the manner indicated in By-Law 5;
Offeror	: Shall have the meaning ascribed to it in By-Law 13.1(a);
Offer Letter	: Shall have the meaning ascribed to it in By-Law 5.6;
Option Certificate	: The option certificate to be issued by the ESOS Committee to the Grantee in accordance with By-Law 6.4;
Option Period	: The period commencing from the Date of Offer, or such later date as may be determined by the ESOS Committee, and expiring on a date which the ESOS Committee may at its sole and absolute discretion decide in the Offer, upon termination of the Scheme or otherwise pursuant to the provisions of these By-Laws, PROVIDED THAT such period shall not extend beyond the Duration of the Scheme;
Option Price	: The price determined in accordance with the provisions of By-Law 8, at which a Grantee is entitled to subscribe for one (1) new Share pursuant to the exercise of an ESOS Option in the manner indicated in By-Law 9;
Person(s) Connected	: Shall have the meaning ascribed to it in the Listing Requirements;
Previous Company	: Shall have the meaning ascribed to it in By-Law 24;

DRAFT BY-LAWS (CONT'D)

Request	:	Shall have the meaning ascribed to it in By-Law 18.2;
RM and Sen	:	Ringgit Malaysia and Sen, being the lawful currency of Malaysia;
Scheme	:	The employees' share option scheme for the granting of ESOS Options to Eligible Persons which upon their acceptance thereof entitle them to subscribe for new Shares in accordance with the provisions of these By-Laws and such scheme shall be known as the "Advancecon Employees' Share Option Scheme" ;
Share(s)	:	Ordinary share(s) in the Company;
Surprise Holiday	:	A day that is declared as 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; and
Termination Date	:	Shall have the meaning ascribed to it in By-Law 21.1(a).

1.2 In these By-Laws:

- (a) any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and any requirements, policies and/or guidelines of Bursa Securities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or the relevant authorities);
- (b) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any ESOS Option offered and accepted prior to the Date of Expiry and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (c) words importing the singular shall where the context so admits include the plural and vice versa;
- (d) references to the masculine gender include the feminine and neutral genders and all such references shall be construed interchangeably in that manner;
- (e) any liberty or power which may be exercised or any determination which may be made hereunder by the Board or the ESOS Committee may be exercised at the Board's or ESOS Committee's sole and absolute discretion and the ESOS Committee shall not be under any obligation to give any reasons thereof, except as may be required by the relevant authorities;
- (f) a **"day"** or **"month"** shall mean a calendar day or a calendar month in accordance with the Gregorian calendar;
- (g) the headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws; and
- (h) if an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first (1st) Market Day after that day.

2. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

- 2.1 Subject to By-Law 2.2, the maximum number of new Shares which may be allotted and issued pursuant to the exercise of the ESOS Options granted under the Scheme shall not, in aggregate,

DRAFT BY-LAWS (CONT'D)

exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares, if any) at any point in time during the Duration of the Scheme ("**Maximum Limit**").

- 2.2 Notwithstanding By-Law 2.1 or any other provision herein contained, in the event the aggregate maximum number of new Shares to be issued arising from the exercise of the ESOS Options granted under the Scheme exceeds the Maximum Limit as a result of the Company purchasing its own Shares in accordance with Section 127 of the Act, cancelling or reducing its own Shares or undertaking any other corporate proposals and thereby diminishing its issued Shares, then no further Offers shall be made by the ESOS Committee until such time the total number of new Shares to be issued arising from the exercise of the ESOS Options granted or to be granted under the Scheme falls below the Maximum Limit at any point in time during the Duration of the Scheme. For the avoidance of doubt, all such ESOS Options granted prior to the adjustment of the issued Shares (excluding treasury shares, if any) shall remain valid and exercisable in accordance with the provisions of these By-Laws.
- 2.3 Each ESOS Option shall be exercisable into one (1) new Share, in accordance with the provisions of these By-Laws.

3. ELIGIBILITY

- 3.1 Subject to the sole and absolute discretion of the ESOS Committee, whose decision shall be final and binding, only Eligible Persons who fulfil the following criteria as at the Date of Offer shall be eligible to participate in the Scheme:

- (a) in respect of an employee, he/she:
- (i) is at least eighteen (18) years of age;
 - (ii) is neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (iii) is an employee employed on a full-time basis for at least six (6) months (or such other period as may be determined by the ESOS Committee) and is on the payroll of any company within the Group, and his/her employment must have been confirmed, irrespective of whether he/she was transferred to a subsidiary within the Group, in which case he/she must have been a confirmed employee in that subsidiary within the Group and has not served a notice of resignation or received a notice of termination;
 - (iv) has not participated in any other employees' share option scheme or employees' share issuance scheme implemented by any subsidiary within the Group which is in force for the time being; and
 - (v) fulfils such other eligibility criteria and/or falls within such grade/category as may be determined by the ESOS Committee from time to time; or
- (b) in respect of a director, he/she:
- (i) is at least eighteen (18) years of age;
 - (ii) is neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (iii) has been appointed for at least six (6) months (or such other period as may be determined by the ESOS Committee) and remains appointed as an executive director of the Company and/or a subsidiary within the Group;

DRAFT BY-LAWS (CONT'D)

- (iv) has not participated in any other employees' share option scheme or employees' share issuance scheme implemented by any subsidiary within the Group which is in force for the time being; and
 - (v) fulfils such other eligibility criteria and/or falls within such grade/category as may be determined by the ESOS Committee from time to time.
- 3.2 For the avoidance of doubt, all the non-executive directors of the Company and/or a subsidiary within the Group are not eligible to participate in the Scheme.
- 3.3 The ESOS Committee may at its sole and absolute discretion determine additional criteria on eligibility and allocation of the ESOS Options to the Eligible Persons from time to time, and such criteria shall be made available to the Eligible Persons. An Eligible Person must fulfil such criteria and/or fall within such category or designation of employment as may be determined by the ESOS Committee, whose decision shall be final and binding. The ESOS Committee may, at its sole and absolute discretion, waive any conditions of eligibility in cases of exceptional merit, demonstrated potential or such other circumstances where the ESOS Committee has determined additional or specific eligibility and allocation criteria. Where such additional criteria have been determined by the ESOS Committee, waivers may be granted for such additional criteria at the sole and absolute discretion of the ESOS Committee.
- 3.4 If any Eligible Person, who is a director, major shareholder or chief executive of the Company or its holding company ("**Interested Parties**") or any Person(s) Connected with any of the Interested Parties, is eligible to participate in the Scheme, the specific allocation of the ESOS Options granted by the Company to such Interested Parties and/or Persons Connected with them under the Scheme must first be approved by the shareholders of the Company at a general meeting, provided that such Interested Parties and/or Persons Connected with them shall not vote on the resolution approving their respective allocation and/or allocation to Persons Connected with them.
- 3.5 Eligibility under the Scheme shall not confer an Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Options unless an Offer has been made in writing by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the provisions of these By-Laws.
- 3.6 The ESOS Committee shall have the sole and absolute discretion to determine whether a director or employee participating in the Scheme shall at any one point in time participate or be eligible to participate in any other employees' share option scheme or employees' share issuance scheme implemented by any other company within the Group. Such participation shall be subject to the rules and regulations governing employees' share option schemes or employees' share issuance schemes as promulgated by Bursa Securities or any other relevant authorities.
- 3.7 An employee who during the Duration of the Scheme becomes an Eligible Person may be eligible for ESOS Options (to be decided by the ESOS Committee), subject to the Maximum Allowable Allotment for the category to which he/she has been admitted.
- 3.8 The allotment of ESOS Options pursuant to By-Law 3.7 shall be from the remaining ESOS Options available under the Scheme, subject always to By-Law 2.1.
- 4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT OF NEW SHARES**
- 4.1 Subject to the Maximum Limit and any adjustment which may be made pursuant to By-Law 14, the aggregate maximum number of ESOS Options that may be allocated to an Eligible Person at any time in each Offer ("**Maximum Allowable Allotment**") shall be determined by the ESOS Committee at its sole and absolute discretion after taking into consideration, amongst other factors, the Eligible Person's employment grade, seniority, designation, length of service, work performance, contribution and potential contribution to the continued success of the Group

DRAFT BY-LAWS (CONT'D)

and/or such other factors that the ESOS Committee may deem relevant, subject to the following:

- (a) the allocation to an Eligible Person who, either singly or collectively through Persons Connected with him/her, holds twenty per centum (20%) or more of the total number of issued Shares (excluding treasury shares, if any), shall not exceed ten per centum (10%) of the total number of new Shares to be issued under the Scheme;
- (b) not more than seventy per centum (70%) of the total number of Shares available to be issued under the Scheme shall be allocated, in aggregate, to the Eligible Directors and senior management of the Group who are eligible to participate in the Scheme;
- (c) the Eligible Directors and senior management of the Group who are eligible shall not participate in the deliberation or discussion of their own allocation of ESOS Options as well as allocation to Persons Connected with them; and
- (d) any performance target to be achieved before the ESOS Options can be granted and/or exercised by an Eligible Person shall be determined by the ESOS Committee,

PROVIDED ALWAYS THAT it is in accordance with the Listing Requirements or any prevailing guidelines, rules and/or regulations issued by Bursa Securities and/or any other relevant authorities, as may be amended from time to time.

- 4.2 At the time the Offer is made in accordance with By-Law 5, the ESOS Committee shall set out the basis of allotment, identifying the category or grade of the Eligible Person and the Maximum Allowable Allotment for the Eligible Person.
- 4.3 An Eligible Person who holds more than one (1) position within the Group, and by holding such positions, the Eligible Person is in more than one (1) category, shall only be entitled to the Maximum Allowable Allotment of any one (1) of those categories. The ESOS Committee shall be entitled at its sole and absolute discretion to determine the applicable category.
- 4.4 In the event that an Eligible Person is promoted or redesignated to a higher category of employment, the Maximum Allowable Allotment applicable to such Eligible Person shall be the Maximum Allowable Allotment corresponding to the category of employee of which he/she is then a party to, subject always to the maximum number of Shares available under the Scheme as stipulated in By-Law 2.1 and the Maximum Allowable Allotment. The ESOS Committee has the sole and absolute discretion in deciding whether to grant the ESOS Options or additional ESOS Options, as the case may be, notwithstanding any such change in the employee's Maximum Allowable Allotment.
- 4.5 In the event that an Eligible Person is demoted or redesignated to a lower category of employment for any reason whatsoever, the Maximum Allowable Allotment applicable to such Eligible Person shall be the Maximum Allowable Allotment corresponding to the category of employee of which he/she is then a party to, unless an Offer has been made and accepted by him/her before such demotion or redesignation, subject always to the maximum number of Shares available under the Scheme as stipulated in By-Law 2.1 and the Maximum Allowable Allotment. Where such demoted or redesignated Eligible Person has accepted the Offer which exceeds the Maximum Allowable Allotment applicable to the lower category of employment, he/she shall not be entitled to any further allocation under such category.
- 4.6 The ESOS Committee may from time to time at its sole and absolute discretion decide whether the allocation and granting of the ESOS Options to the Eligible Persons will be based on staggered granting during the Duration of the Scheme or in one (1) single grant and/or whether the ESOS Options are subject to any vesting period, and if so, to determine the vesting conditions, including whether such vesting conditions are subject to performance target, of which such determination will be carried out at a later date after the establishment of the Scheme and the formation of the ESOS Committee.

DRAFT BY-LAWS (CONT'D)

- 4.7 In the event any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of his/her own allocation of the ESOS Options as well as allocation of the ESOS Options to Persons Connected with him/her.
- 4.8 The Company shall ensure that allocation of ESOS Options pursuant to the Scheme is verified by the audit committee of the Company at the end of each financial year as being in compliance with the criteria for allocation of ESOS Options which have been disclosed to the Eligible Persons.
- 5. OFFER**
- 5.1 (a) Upon implementation of the Scheme, the ESOS Committee may at its sole and absolute discretion at any time as it shall deem fit during the Duration of the Scheme make one (1) or more Offers to any Eligible Person, based on the criteria of allotment set out in By-Law 4, to subscribe for new Shares in accordance with the terms of the Scheme.
- (b) Notwithstanding By-Law 5.1(a) above, where it involves a grant of ESOS Options to Eligible Persons who are members of the ESOS Committee, such grant of ESOS Options shall be decided by the Board based on the criteria of allotment set out in By-Law 4.
- 5.2 In the event the ESOS Committee decides to stagger the granting of the ESOS Options during the Duration of the Scheme, the number of ESOS Options to be offered in each Offer shall be decided by the ESOS Committee at its sole and absolute discretion and each Offer shall be separate and independent from the others.
- 5.3 The actual number of ESOS Options which may be offered to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee and the number of new Shares so offered shall not be less than one hundred (100) Shares nor more than the Maximum Allowable Allotment of such Eligible Person and shall be in multiples of one hundred (100) Shares or such number of Shares constituting one (1) board lot as permitted to be traded on Bursa Securities by the Listing Requirements and/or applicable laws.
- 5.4 Subject to By-Law 2, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to an Eligible Person at any point in time after the first (1st) Offer, provided always that the total aggregate number of new Shares to be offered to the Eligible Person (inclusive of Shares already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allotment.
- 5.5 Notwithstanding anything set out in these By-Laws and subject always to the Listing Requirements, no Offers may be granted to the Interested Parties and Persons Connected with the Interested Parties, unless the entitlement of such person under the Scheme has been approved by the shareholders of the Company in a general meeting and provided that such Interested Parties and Persons Connected with them shall not vote on the resolution approving his/her allocation.
- 5.6 The ESOS Committee will in its offer letter ("**Offer Letter**") to an Eligible Person state, *inter alia*, the:
- (a) Date of Offer;
 - (b) number of ESOS Options that are being offered to the Eligible Person;
 - (c) number of Shares that can be subscribed under the Offer;
 - (d) vesting conditions (if applicable);
 - (e) vesting period (if applicable);

DRAFT BY-LAWS (CONT'D)

- (f) Option Period;
 - (g) Option Price determined in accordance with the provisions of By-Law 8;
 - (h) closing date for acceptance of the Offer; and
 - (i) manner and conditions of exercise of the ESOS Options.
- 5.7 The Offer shall automatically lapse and be null and void in the event of death of the Eligible Person or the Eligible Person ceases to be a director or employed by the Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in By-Law 6.1.
- 5.8 Any Offer made by the ESOS Committee shall be in writing and such Offer is personal to the Eligible Person to whom the Offer is made, and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever.
- 5.9 The Company shall keep and maintain at its expense a register of Grantees as required under Section 129 of the Act and shall enter the following in that register:
- (a) names of the Grantees;
 - (b) addresses of the Grantees;
 - (c) Maximum Allowable Allotment;
 - (d) number of ESOS Options offered;
 - (e) number of ESOS Options accepted;
 - (f) number of ESOS Options exercised;
 - (g) Date of Offer;
 - (h) Option Price; and
 - (i) Option Period.
- 5.10 In the event the Offer Letter contains an error on the part of the Company in stating any of the particulars referred to in By-Law 5.6 above, the Company shall issue a revised Offer Letter, stating the correct particulars of the Offer within fourteen (14) days of discovering such error (or such other period as may be determined by the ESOS Committee) and the revised particulars of the Offer shall take effect on the date of the revised Offer Letter, except for ESOS Options which have already been exercised as at the date of the revised Offer Letter.
- 5.11 The Company shall, on the Date of Offer, announce the following to Bursa Securities:
- (a) Date of Offer;
 - (b) Option Price;
 - (c) number of ESOS Options offered;
 - (d) market price of the Shares on the Date of Offer;
 - (e) number of ESOS Options offered to each Eligible Director, if any; and
 - (f) vesting period of the ESOS Options offered, if any.

DRAFT BY-LAWS (CONT'D)**6. ACCEPTANCE OF THE OFFER**

- 6.1 An Offer made by the ESOS Committee pursuant to By-Law 5 shall be valid for a period of thirty (30) days from the Date of Offer or such longer period as may be determined or extended by the ESOS Committee on a case-to-case basis at its sole and absolute discretion. Subject to By-Law 6.2 below, an Eligible Person to whom the Offer is made may accept the Offer within this prescribed period by written notice to the ESOS Committee in the form prescribed by the ESOS Committee. The written notice shall be accompanied by a payment to the Company of a nominal non-refundable sum of Ringgit Malaysia One (RM1.00) only as consideration for the grant of the ESOS Options, regardless of the number of ESOS Options comprised therein. The date of receipt by the ESOS Committee of such written notice shall constitute the date of acceptance.
- 6.2 If an Offer is not accepted in the manner set out in By-Law 6.1, such Offer shall upon the expiry of the said prescribed period, automatically lapse and be null and void and be of no further force and effect.
- 6.3 ESOS Options that have lapsed and become null and void pursuant to this By-Law 6, shall, to the extent that it is then unexercised, be re-allocated to the other Eligible Persons at the sole and absolute discretion of the ESOS Committee.
- 6.4 Within thirty (30) days after due acceptance of the Offer in accordance with the provisions of these By-Laws (or such other period as may be determined by the ESOS Committee), the ESOS Committee shall issue to the Grantee an Option Certificate in such form as may be determined by the ESOS Committee from time to time, confirming the grant of the ESOS Options to an Eligible Person, the Option Price together with the number of Shares comprised in the ESOS Options, and where applicable, the Option Period and any vesting conditions as specified in the Offer Letter.

7. NON-ASSIGNABLE AND NON-TRANSFERABLE

An ESOS Option is personal to the Grantee. An ESOS Option shall be non-assignable and non-transferable and shall not be disposed of or otherwise subject to any encumbrances by the Grantee. Any attempt to transfer, assign, dispose or encumber any ESOS Option shall result in the automatic cancellation or termination of the ESOS Options.

8. OPTION PRICE

- 8.1 Subject to any adjustment made in accordance with these By-Laws and pursuant to the Listing Requirements, the Option Price shall be based on the five (5)-day volume weighted average market price of the Shares immediately preceding the Date of Offer, with a discount of not more than ten per centum (10%) (or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time during the Duration of the Scheme), as determined by the Board upon recommendation of the ESOS Committee.
- 8.2 The Option Price as determined by the Board shall be conclusive and binding on the Grantees subject to any adjustments that may be made in accordance with these By-Laws.

9. EXERCISE OF ESOS OPTIONS

- 9.1 Subject to By-Law 18, an ESOS Option granted to a Grantee under the Scheme is exercisable only by that Grantee (in accordance with the terms set out in the Offer Letter) while the Grantee is in the employment by or appointment within the Group and the Option Period.
- 9.2 Subject to any adjustment in accordance with By-Law 14, the ESOS Committee may, at any time and from time to time before or after an ESOS Option is granted pursuant to By-Law 6, limit the exercise of the ESOS Options to a maximum number of new Shares and/or such

DRAFT BY-LAWS (CONT'D)

- percentage of the total new Shares relevant to the ESOS Options during such periods (as determined by the ESOS Committee) within the Option Period and impose any other terms and conditions deemed appropriate by the ESOS Committee at its sole and absolute discretion, including the additions, modifications, amendments or deletions of any terms and conditions imposed earlier, subject always to the provisions of By-Law 17.
- 9.3 All ESOS Options to the extent that they have not been exercised upon the expiry of the Option Period or Duration of the Scheme (whichever is earlier) shall automatically lapse and become null and void and have no further effect.
- 9.4 A Grantee shall notify the ESOS Committee in writing in the prescribed form of his/her intention to exercise the ESOS Options ("**Notice**") on the first (1st) and third (3rd) Monday of each calendar month (or such other period as may be stipulated by the ESOS Committee). For the avoidance of doubt, a Grantee shall notify the ESOS Committee in writing in the prescribed form of his/her intention to exercise the ESOS Options on the next immediate Market Day if the days stipulated above do not fall on a Market Day. The ESOS Options may be exercised in full or in respect of such lesser number of Shares in multiples of one hundred (100) Shares or such number of Shares constituting one (1) board lot as permitted to be traded on Bursa Securities by the Listing Requirements and/or applicable laws as the Grantee may so decide to exercise the ESOS Options, subject always to By-Law 5.3. Such partial exercise of the ESOS Options shall not preclude the Grantee from exercising the remaining ESOS Options at any other time within the Option Period. The Option Certificate shall be endorsed by the ESOS Committee stating, *inter-alia*, the number of ESOS Options exercised and the number of ESOS Options which remain capable of being exercised.
- 9.5 In the event the balance of the ESOS Options, when exercised by a Grantee, shall result in less than one hundred (100) Shares, the said balance, if exercised, shall be exercised in a single tranche.
- 9.6 Every such Notice shall be accompanied by the relevant Option Certificate and a remittance in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the ESOS Committee for the full amount of the subscription monies in relation to the number of Shares in respect of which the Notice is given. Within eight (8) Market Days after the date of receipt by the Company of the Notice together with the requisite payment from the Grantee (or such other period as may be prescribed or allowed by Bursa Securities), the Company shall:
- (a) allot and issue such new Shares to the Grantees in accordance with the provisions of the Constitution, the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd;
 - (b) despatch the notice of allotment to the Grantees; and
 - (c) make an application for the listing and quotation for the new Shares arising from the exercise of the ESOS Options.
- 9.7 A Grantee who exercises his/her ESOS Options shall provide the ESOS Committee with his/her CDS Account number in the Notice. Any of the following shall result in the Notice being rejected by the ESOS Committee at its sole and absolute discretion:
- (a) failure to comply with the terms set out in the Offer Letter;
 - (b) failure to comply with the procedures specified by the ESOS Committee;
 - (c) failure to provide information as required by the ESOS Committee in the Notice; and/or
 - (d) inaccuracy in the CDS Account number provided.

The ESOS Committee shall inform a Grantee of the rejection of such Notice within fourteen (14) Market Days (or such other period as may be determined by the ESOS Committee) from the

DRAFT BY-LAWS (CONT'D)

date of rejection and such Grantee shall be deemed to not have exercised his/her ESOS Options. The new Shares to be issued pursuant to the exercise of an ESOS Option will be credited directly into the CDS Account of the Grantee and a notice of allotment stating the number of new Shares credited into the CDS Account will be issued to the Grantee. No physical share certificate will be issued to the Grantee.

- 9.8 For Grantees who do not have CDS Account, such Grantees are required to open a CDS Account at their own cost and expense before they can exercise their ESOS Options.
- 9.9 Every ESOS Option shall be subject to the condition that no new Shares shall be issued to the Grantee pursuant to the exercise of an ESOS Option if such issuance would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.
- 9.10 The Company, the Board (including directors who have resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone howsoever arising in the event of:
- (a) any delay on the part of the Company in procuring Bursa Securities to list and quote the new Shares allotted and issued to a Grantee pursuant to the exercise of the ESOS Options by the Grantee;
 - (b) any delay in crediting the said new Shares into the CDS Account of the Grantee with the nominee; and/or
 - (c) any other matter or dealing which is outside the control of the Company.

10. RIGHTS OF A GRANTEE

The ESOS Options shall not carry any rights to vote at any general meeting of the Company, or to participate in any dividends, rights, allotments or any other form of distributions that may be declared, made or paid, or offer of further securities in the Company, unless and until the Grantee exercises the ESOS Option(s) granted to him/her and the new Shares pursuant to the exercise of the ESOS Options have been allotted and issued to the Grantee.

11. RANKING OF THE NEW SHARES

- 11.1 The new Shares to be allotted and issued arising from the exercise of any ESOS Option granted under the Scheme will be subject to the provisions of the Constitution and shall, upon allotment and issuance, rank equally in all respects with the then existing Shares, save and except that the holders of such new Shares will not be entitled to any dividends, rights, allotments and/or any other form of distributions, which may be declared, made or paid to the Company's shareholders, the entitlement date of which precedes the relevant date of allotment and issuance of such new Shares.
- 11.2 The Grantees will not be entitled to any dividends, rights, allotments and/or other distributions until and unless such Grantees exercise their ESOS Options into new Shares and such new Shares are credited into the Grantees' respective CDS Accounts.
- 11.3 The new Shares allotted and credited into the CDS Accounts would also carry rights to vote at any general meeting of the Company, provided that the shareholder is registered on the entitlement date at the close of business to be entitled to attend and vote at such general meeting of the Company.
- 11.4 The new Shares issued under the Scheme will be subject to all the provisions of the Constitution relating to transfer, transmission or otherwise of the Shares.

DRAFT BY-LAWS (CONT'D)**12. RETENTION PERIOD**

- 12.1 The new Shares to be allotted and issued to Grantees pursuant to the exercise of the ESOS Options granted under the Scheme will not be subject to any retention period or restriction on transfer, disposal and/or assignment, unless otherwise stated in the Offer as may be determined by the ESOS Committee from time to time at its sole and absolute discretion. However, Grantees are encouraged to hold the Shares as investment rather than for any speculative purposes and/or for the realisation of any immediate gain.
- 12.2 The ESOS Committee shall be entitled to prescribe or impose, in relation to any Offers, any conditions relating to any retention period or restriction on transfer, disposal and/or assignment of the new Shares to be issued arising from the exercise of the ESOS Options as it deems fit.

13. TAKE-OVER, DISPOSAL OF ASSETS, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

13.1 In the event:

- (a) of a takeover offer being made for the Company, under the Malaysian Code on Takeovers and Mergers 2016 and Rules on Take-overs, Mergers and Compulsory Acquisitions, to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror) and such takeover offer is announced by the Offeror as being unconditional or has become unconditional, any unexercised ESOS Options may immediately be exercised by the Grantee or Grantee's legal and personal representatives, as the case may be, during the offer period (as defined under the Rules on Take-overs, Mergers and Compulsory Acquisitions) or until the expiry of the Option Period, whichever is earlier;
- (b) of the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of the Shares under the provisions of the Capital Markets and Services Act 2007 or other relevant law applicable at the material time and gives notice to the Company that it intends to exercise such right on a specific date, any unexercised ESOS Options may immediately be exercised by the Grantee or Grantee's legal and personal representatives, as the case may be, from the date of service of the said notice to the Company until and inclusive of the date on which the right of the compulsory acquisition is exercised or until the expiry of the Option Period, whichever is earlier; or
- (c) the Company disposes of all or substantially all of its assets and the disposal becomes unconditional, any unexercised ESOS Options may immediately be exercised by the Grantee or Grantee's legal and personal representatives, as the case may be, commencing from the unconditional date of the said disposal until the expiry of the Option Period or such other date prescribed by the ESOS Committee within the Option Period,

subject to such terms and conditions (if any) as may be prescribed by the ESOS Committee, notwithstanding that:

- (i) the Option Period has not commenced; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

13.2 In the event of:

- (a) the court sanctioning a compromise or arrangement between the Company and its member for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company or its amalgamation with any other company or companies or a privatisation via selective capital reduction, the ESOS Committee may

DRAFT BY-LAWS (CONT'D)

permit the exercise of any unexercised ESOS Options by the Grantee or Grantee's legal and personal representatives, as the case may be, at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court or a date to be specified by the ESOS Committee within the Option Period up to but excluding the date upon which such compromise or arrangement becomes effective or until the expiry of the Option Period, whichever is earlier; or

- (b) the Company decides to merge with other company or companies, the ESOS Committee may permit the exercise of any unexercised ESOS Options by the Grantee or Grantee's legal and personal representatives, as the case may be, at any time commencing from the unconditional date of the said transaction until the date prescribed by the ESOS Committee within the Option Period,

subject to such terms and conditions as may be prescribed by the ESOS Committee, notwithstanding that:

- (i) the Option Period has not commenced; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

- 13.3 All ESOS Options which the ESOS Committee permits to be exercisable pursuant to this By-Law 13 shall automatically lapse and shall become null and void to the extent unexercised by the date prescribed by the ESOS Committee, notwithstanding that the Option Period has not commenced or has not expired.

14. ALTERATION OF SHARE CAPITAL

- 14.1 In the event of any alteration in the capital structure of the Company during the Duration of the Scheme, whether by way of a capitalisation issue, rights issue, bonus issue, consolidation or subdivision of Shares or capital reduction or any other variation of capital, the Company shall cause such adjustment to be made to:

- (A) the number of new Shares comprised in the ESOS Options granted to each Grantee (excluding the ESOS Options already exercised); and/or
- (B) the Option Price.

All adjustments shall be made at the sole and absolute discretion of the ESOS Committee, PROVIDED ALWAYS THAT:

- (i) upon any adjustment being made pursuant to this By-Law, the ESOS Committee shall within twenty-one (21) Market Days thereof notify the Grantee (or his/her legal and personal representatives, where applicable and as the case may be) in writing of the adjusted Option Price, the adjusted number of new Shares comprised in the ESOS Options and/or the revised method of exercise of the ESOS Options, and the effective date of such adjustment; and
- (ii) all adjustments (other than bonus issue, subdivision or consolidation of Shares) must be confirmed in writing by the external auditors for the time being of the Company or an Adviser as being in their opinion (acting as an expert and not as an arbitrator) fair and reasonable.

Any adjustment pursuant to this By-Law shall be made in accordance with the following formula:

- (a) If and whenever a consolidation or subdivision of Shares occurs, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = \frac{S \times L}{M}$$

DRAFT BY-LAWS (CONT'D)

and the revised number of new Shares or additional number of new Shares comprised in the ESOS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

(1) For consolidation of Shares

$$\text{Revised number of new Shares} = \frac{T \times M}{L}$$

(2) For subdivision of Shares

$$\text{Additional number of new Shares} = \left[\frac{T \times M}{L} \right] - T$$

where:

L = the aggregate number of issued Shares immediately before such consolidation or subdivision;

M = the aggregate number of issued Shares immediately after such consolidation or subdivision;

S = existing Option Price; and

T = existing number of new Shares comprised in the ESOS Options in respect of the right to subscribe for new Shares so far as unexercised.

Each of such adjustment will be effective from the close of business of the Market Day following the date on which the consolidation or subdivision becomes effective (being the date on which the Shares are traded on Bursa Securities) or such other date as may be permitted by the Listing Requirements and applicable laws.

- (b) If and whenever the Company shall make any issue of Shares to its ordinary shareholders credited as fully paid-up, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable), the Option Price shall be adjusted by multiplying it with the following fraction:

$$\text{Multiplier} = \frac{A}{A + B}$$

and the additional number of new Shares comprised in the ESOS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of new Shares} = \left[T \times \left(\frac{A + B}{A} \right) \right] - T$$

where:

A = the aggregate number of issued Shares on the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights allotments and/or other forms of distributions) immediately before such bonus issue or capitalisation issue;

B = the aggregate number of new Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully paid by way of bonus issue or capitalisation of profits or reserves

DRAFT BY-LAWS (CONT'D)

(whether of a capital or income nature and including capital redemption reserve fund, if applicable); and

$T = T$ in By-Law 14.1(a).

Unless otherwise prescribed by Bursa Securities, each of such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

(c) If and whenever the Company shall make:

- (i) a Capital Distribution (as defined below) to its ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
- (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for new Shares by way of rights; or
- (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares,

then and in respect of each such case, the Option Price shall be adjusted by multiplying it with the following fraction:

$$\text{Multiplier} = \frac{C - D}{C}$$

and in respect of the case referred to in By-Law 14.1(c)(ii) hereof, the additional number of new Shares comprised in the ESOS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of new Shares} = \left[T \times \left[\frac{C}{C - D^*} \right] \right] - T$$

where:

$C =$ the Current Market Price (as defined in By-Law 14.1(g) below) of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;

$D =$ (aa) in the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 14.1(c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under By-Law 14.1(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or

(bb) in the case of any other transaction falling within this By-Law 14.1(c), the fair market value, as determined by the Company (with the concurrence of the external auditors for the time being of the Company or an Adviser), of that portion of the Capital Distribution attributable to one (1) Share;

$D^* =$ the value of rights attributable to one (1) Share; and

$T =$ T in By-Law 14.1(a).

DRAFT BY-LAWS (CONT'D)

For the purpose of definition (aa) of D above, the “**value of rights attributable to one (1) Share**” shall be calculated in accordance with the following formula:

$$\text{Value of rights attributable to one (1) Share for D above} = \frac{C - E}{F + 1}$$

where:

- C = C in By-Law 14.1(c);
- E = the subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for one (1) additional security convertible into Share or one (1) additional security with rights to acquire or subscribe for Shares; and
- F = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into Shares or with right to acquire or subscribe for Shares.

For the purpose of D* above, the “**value of rights attributable to one (1) Share**” shall be calculated in accordance with the following formula:

$$\text{Value of rights attributable to one (1) Share for D* above} = \frac{C - E^*}{F^* + 1}$$

where:

- C = C in By-Law 14.1(c);
- E* = the subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for new Shares; and
- F* = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of By-Law 14.1(c) hereof, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of new Shares (other than an issue falling within By-Law 14.1(b)) or other securities by way of capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable).

Any dividend or distribution charged or provided for in the accounts of the Company for any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated comprehensive income of the Company.

Unless otherwise prescribed by Bursa Securities, each of such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 14.1(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 14.1(c)(ii) or By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it with the following fraction:

DRAFT BY-LAWS (CONT'D)

$$\text{Multiplier} = \frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 14.1(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 14.1(c)(ii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the additional number of new Shares comprised in the ESOS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of new Shares} = \left[\frac{T \times (G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

B = *B* in By-Law 14.1(b);

C = *C* in By-Law 14.1(c);

G = the aggregate number of issued Shares on the entitlement date;

H = the aggregate number of new Shares to be issued under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;

*H** = the aggregate number of new Shares to be issued under the offer or invitation to acquire or subscribe for Shares by way of rights;

I = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;

*I** = the subscription price of one (1) additional Share under the offer of invitation to acquire or subscribe for Shares; and

T = *T* in By-Law 14.1(a).

Unless otherwise prescribed by Bursa Securities, each of such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 14.1(c)(ii) together with an offer or invitation to acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares as provided in By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it with the following fraction:

$$\text{Multiplier} = \frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the additional number of new Shares comprised in the ESOS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of new Shares} = T \times \left[\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

DRAFT BY-LAWS (CONT'D)

where:

$C = C$ in By-Law 14.1(c);

$G = G$ in By-Law 14.1(d);

$H = H$ in By-Law 14.1(d);

$H^* = H^*$ in By-Law 14.1(d);

$I = I$ in By-Law 14.1(d);

$I^* = I^*$ in By-Law 14.1(d);

$J =$ the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders of the Company;

$K =$ the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share; and

$T = T$ in By-Law 14.1(a).

Unless otherwise prescribed by Bursa Securities, each of such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.1(b) and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 14.1(c)(ii) above, together with rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for new Shares as provided in By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it with the following fraction:

$$\text{Multiplier} = \frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the additional number of Shares comprised in the ESOS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of new Shares} = T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

$B = B$ in By-Law 14.1(b);

$C = C$ in By-Law 14.1(c);

$G = G$ in By-Law 14.1(d);

$H = H$ in By-Law 14.1(d);

$H^* = H^*$ in By-Law 14.1(d);

$I = I$ in By-Law 14.1(d);

DRAFT BY-LAWS (CONT'D)

- I^* = I^* in By-Law 14.1(d);
- J = J in By-Law 14.1(e);
- K = K in By-Law 14.1(e); and
- T = T in By-Law 14.1(a).

Unless otherwise prescribed by Bursa Securities, each of such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

- (g) For the purpose of By-Laws 14.1(c), (d), (e) and (f) above, the “**Current Market Price**” in relation to one (1) Share for any relevant day shall be the volume weighted average market prices for the five (5) consecutive Market Days before such date as may be determined by the Board with the concurrence of the external auditor or the Adviser, in accordance with any guidelines issued, from time to time, by Bursa Securities and/or the relevant authorities.
- (h) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 14.1(c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Shares or any securities convertible into Shares or any rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration (as defined below) per Share is less than ninety per centum (90%) of the Average Price (as defined below) for one (1) Share or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\text{Multiplier} = \frac{N + O}{N + P}$$

where:

- N = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- O = the number of Shares which the Total Effective Consideration would have purchased at the Average Price (exclusive of expenses); and
- P = the aggregate number of Shares so issued or, in the case of securities convertible into Shares or rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of this By-Law 14.1(h):

- (i) “**Total Effective Consideration**” shall be determined by the Board with the concurrence of the external auditors for the time being of the Company or an Adviser and shall be:
- (aa) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (bb) in the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the

DRAFT BY-LAWS (CONT'D)

securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or

- (cc) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights,

in each case without any deduction of commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and where relevant, total effective consideration per Share shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares or securities with rights to acquire or subscribe for Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights; and

- (ii) the “**Average Price**” of a Share shall be the average market price of one (1) Share as derived from the last traded prices or average transacted prices for one (1) or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Each of such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the Market Day immediately following the date on which the Company determines the offer price of such Shares. Each of such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the date of the completion of the above transaction.

- 14.2 Any adjustment so determined by the ESOS Committee pursuant to this By-Law 14 and confirmed in writing by the external auditors for the time being of the Company or an Adviser shall be final and binding on all unexercised or partially exercised ESOS Options, PROVIDED ALWAYS THAT:

- (a) any adjustment to the Option Price shall be rounded up to the nearest one (1) Sen; and
- (b) any fraction of a new Share arising from the adjustment pursuant to this By-Law 14.1 would otherwise be required to be issued, the Grantee's entitlement shall be rounded down to the nearest whole number.

- 14.3 The Company, shall at the request of the Grantee, furnish such Grantee with a copy of the certificate or confirmation from the external auditors for the time being of the Company or an Adviser to the effect that the opinion of such external auditors or Adviser, who shall act as an expert and not an arbitrator, an adjustment is fair and reasonable either generally or as regard such Grantee, and such certification or confirmation shall be final and binding on all parties.

- 14.4 For the avoidance of doubt, any adjustment to the Option Price and/or the number of new Shares comprised in the ESOS Options so far as unexercised arising from bonus issue, subdivision or consolidation of shares, need not be confirmed in writing by the external auditors for the time being of the Company or an Adviser.

- 14.5 No adjustments shall be made to the Option Price and/or the number of new Shares comprised in the ESOS Options or any portion thereof that is unexercised when the alteration in the capital structure of the Company arises from:

- (a) an issue of new Shares upon the exercise of ESOS Options pursuant to the Scheme;

DRAFT BY-LAWS (CONT'D)

- (b) an issue of new Shares arising from the exercise of any conversions rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
 - (c) an issue of securities as consideration or part consideration for an acquisition of securities, assets or business by the Group;
 - (d) private placement or restricted issue of new Shares by the Company;
 - (e) an issue of securities as a special issue of new Shares to Bumiputera parties or investors approved by the Ministry of International Trade and Industry, Malaysia and/or other relevant governmental authorities to comply with the government policy on Bumiputera capital participation;
 - (f) a purchase by the Company of its own Shares and the cancellation of all or a portion of such Shares pursuant to the relevant provisions of the Act;
 - (g) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including directors, or employees of the Company or any of its subsidiaries pursuant to purchase or option schemes approved by the shareholders in general meeting; or
 - (h) any issue of Shares by the Company (other than bonus and rights issue) pursuant to a share dividend and/or share dividend reinvestment scheme undertaken in accordance with the Listing Requirements or for any purpose whatsoever.
- 14.6 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2 of Division 7 of the Act, By-Law 14.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 14.1 is applicable, but By-Law 14.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 14.5 is applicable.
- 14.7 Notwithstanding the provisions referred to in these By-Laws, the ESOS Committee may exercise its sole and absolute discretion to determine whether any adjustment to the Option Price and/or the number of new Shares comprised in the ESOS Options so far as unexercised should not be made or should be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Option Price and/or the number of new Shares comprised in the ESOS Options so far as unexercised, notwithstanding that no such adjustment formula has been explicitly set out in these By-Laws.
- 15. LISTING AND QUOTATION FOR THE NEW SHARES TO BE ISSUED ARISING FROM THE EXERCISE OF ESOS OPTIONS**
- 15.1 An application will be made to Bursa Securities for the listing and quotation for the new Shares to be issued pursuant to the exercise of the ESOS Options on the Main Market of Bursa Securities.
- 15.2 The Company, the Board and the ESOS Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the new Shares or in procuring Bursa Securities to list the new Shares for which the Grantees are entitled to subscribe.
- 16. ADMINISTRATION OF THE SCHEME**
- 16.1 The Scheme shall be administered by the ESOS Committee consisting of such persons appointed by the Board from time to time. The Board shall have the sole and absolute discretion as it deems fit from time to time to approve, rescind and/or revoke the appointment of any person

DRAFT BY-LAWS (CONT'D)

in the ESOS Committee and appoint replacement members to the ESOS Committee. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board.

- 16.2 The ESOS Committee may for the purpose of administering the Scheme do all acts and things and/or caused the Company to enter into any transaction, agreement, deed, document or arrangement, make rules, regulations or impose terms and conditions or delegate part of its powers relating to the Scheme, which the ESOS Committee may at its sole and absolute discretion consider to be necessary or desirable to give full effect to the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company.
- 16.3 The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an ESOS Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective.

17. AMENDMENTS AND/OR MODIFICATIONS TO THE SCHEME

- 17.1 Subject to these By-Laws and compliance with the Listing Requirements and any other relevant rules and regulations, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to and/or deletions of these By-Laws as it shall at its sole and absolute discretion thinks fit, and the Board shall have the power at any time and from time to time by resolution to add to, amend, modify and/or delete all or any of these By-Laws upon such recommendation, PROVIDED ALWAYS THAT no such addition, amendment or modification and/or deletion shall be made which would either:
- (a) materially prejudice the rights then accrued to any Grantee without his/her prior consent; or
 - (b) alter to the advantage of any Grantee without the prior approval of the shareholders in a general meeting.
- 17.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of additions, modifications or amendments to or deletions of these By-Laws, save and except if such additions, modifications or amendments to or deletions would:
- (a) materially prejudice any rights which would have accrued to any Grantee without his/her prior consent;
 - (b) increase the number of new Shares beyond the maximum number of new Shares available under the Scheme; or
 - (c) alter any matters which are required to be contained in these By-Laws by virtue of the Listing Requirements to the advantage of any Eligible Person, group of Eligible Persons or all the Eligible Persons.
- 17.3 Subject to the compliance with the Listing Requirements and any other relevant rules and regulations, the prior approval of Bursa Securities and/or any other relevant authorities is not required for any subsequent amendment or modification to these By-Laws. However, a letter of compliance together with the amended By-Laws shall be submitted to Bursa Securities within five (5) Market Days after the effective date of the amendments in the manner prescribed by the Listing Requirements, each time an amendment or modification is made, stating that the amendment or modification is in compliance with the provisions of the Listing Requirements and the Rules of Bursa Malaysia Depository Sdn Bhd.
- 17.4 Notwithstanding the provisions of By-Laws 17.1 and 17.2, for the purpose of complying with the provisions of the Listing Requirements, By-Laws 2.1, 3.1, 4.1, 4.6, 6.1, 8.1, 10, 11, 14.1, 19 and 20.2 shall not be amended or altered in any way whatsoever to the advantage of the participants

DRAFT BY-LAWS (CONT'D)

of the Scheme without the prior approval of shareholders in general meeting, unless such amendment or alteration is otherwise allowed by the provisions of the Listing Requirements.

- 17.5 For the purposes of By-Laws 17.1(a) and 17.2(a), the opinion of the Board as to whether any addition, amendment, modification or deletion would materially prejudice the rights then accrued to any Grantee shall be final, binding and conclusive.

18. TERMINATION OF UNEXERCISED ESOS OPTIONS AND SUSPENSION

- 18.1 Any unexercised ESOS Option in respect of the Scheme shall forthwith lapse and/or be deemed to be cancelled and/or ceased to be exercisable, as the case may be, without any claim against the Company, the Board and the ESOS Committee upon occurrence of any one (1) or more of the following events:

- (a) service of a notice of resignation by the Grantee and where applicable, acceptance of such notice of resignation by the Group;
- (b) service of a notice of termination or cessation of employment or appointment of the Grantee with the Group for any reason whatsoever;
- (c) bankruptcy of the Grantee; or
- (d) any other circumstances prescribed by the ESOS Committee from time to time.

- 18.2 Notwithstanding By-Law 18.1 above, in the event of the termination or cessation of employment of the Grantee in any of the following circumstances:

- (a) retirement at or after attaining normal retirement age under the Group's retirement policy;
- (b) retirement before the normal retirement age with the consent of his/her employer being a company within the Group;
- (c) resignation or termination of the employment of the Grantee by reason of ill-health, injury or physical or mental disability;
- (d) retrenchment or redundancy, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the Group;
- (e) expiration of the employment contract of the Grantee; or
- (f) any other circumstances as may be deemed as acceptable to the ESOS Committee,

the Grantee may apply in writing to the ESOS Committee to be allowed to continue to hold and to exercise any unexercised ESOS Option held by the Grantee ("**Request**") within thirty (30) days (or such other period as may be determined by the ESOS Committee) upon occurrence of any one (1) or more of the above events subject to such terms and conditions as may be prescribed notwithstanding that:

- (i) the Option Period has not commenced; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

The ESOS Committee shall have the sole and absolute discretion to evaluate the Request on a case-to-case basis and its decision shall be final and binding.

Any unexercised ESOS Option shall forthwith lapse and/or be deemed to be cancelled and/or cease to be exercisable after thirty (30) days (or such other period as may be determined by the

DRAFT BY-LAWS (CONT'D)

ESOS Committee) upon occurrence of the events above, as the case may be, without any liability to or right to claim against the Company, the Board and the ESOS Committee.

18.3 All ESOS Options which the ESOS Committee permits to be exercisable pursuant to By-Law 18.2 shall automatically lapse and shall become null and void to the extent unexercised by the date prescribed by the ESOS Committee notwithstanding that the Option Period has not commenced or has not expired.

18.4 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service of such Grantee), the ESOS Committee shall have the right, at its sole and absolute discretion, to suspend the Grantee's ESOS Options pending the outcome of such disciplinary proceedings. The ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate on the Grantee's right to exercise his/her ESOS Options having regard to the nature of the charges made or brought against the Grantee, PROVIDED ALWAYS THAT:

- (a) in the event such Grantee shall subsequently be found not guilty of the charge which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise the Grantee's ESOS Options as if such disciplinary proceeding had not been instituted in the first place;
- (b) in the event such Grantee is found guilty of the charge and the same results in the dismissal or termination of service of such Grantee, the ESOS Options shall, immediately upon pronouncement of the dismissal or termination of service of such Grantee, automatically lapse without notice and thereafter shall be null and void and be of no effect notwithstanding that such dismissal or termination of service may be subsequently challenged or disputed by the Grantee in any other forum;
- (c) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its sole and absolute discretion whether or not the Grantee may continue to exercise the Grantee's ESOS Options or any part thereof and if so, to impose such terms and conditions as it deems appropriate, for the exercise thereof; or
- (d) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the Option Period, the ESOS Options of such Grantee shall immediately lapse on the expiry of the Option Period without notice,

and nothing herein shall impose any obligation on the ESOS Committee to enquire into or investigate the validity of such disciplinary proceeding(s) and the ESOS Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the ESOS Committee's exercise of or failure to exercise any of its rights under these By-Laws.

18.5 In the event where a Grantee dies before the expiration of the Option Period and held unexercised ESOS Options, at the time of his/her death such unexercised ESOS Options may be exercised by the legal or personal representative(s) of the Grantee after the date of his/her death, PROVIDED ALWAYS THAT:

- (a) unless otherwise approved by the ESOS Committee, such exercise shall be no later than three (3) months thereafter;
- (b) such exercise shall always be subject to any restriction in the Offer Letter; and
- (c) no ESOS Option shall be exercised after the expiry of the Option Period.

All unexercised or partially exercised ESOS Options of such Grantee shall become null and void after the expiry of the three (3) months (or such other period as may be otherwise approved by the ESOS Committee) or upon the expiry of the Option Period, whichever is earlier.

DRAFT BY-LAWS (CONT'D)

- 18.6 Any Offer which has been made by the ESOS Committee to the Eligible Person but have not been accepted by the Eligible Person in the manner prescribed in By-Law 6.1 arising from the Grantee's death, cessation or termination of employment with the Group for whatever reason as the case may be, shall become null and void and be of no effect.
- 18.7 Any ESOS Option that has lapsed and become null and void pursuant to this By-Law 18, shall, to the extent that it is then unexercised, be available for re-allocation to other Eligible Persons at the sole and absolute discretion of the ESOS Committee.
- 18.8 The ESOS Committee may, at its sole and absolute discretion, change or waive any of the requirements and/or timing as set out in this By-Law 18.

19. LIQUIDATION OR WINDING UP OF THE COMPANY

In the event that any order is made or resolution is passed for the liquidation or winding up of the Company, all unexercised or partially exercised ESOS Options shall automatically lapse and shall be null and void and have no further effect, in which event the ESOS Options shall be automatically terminated on the following date:

- (a) in the case of a voluntary winding-up, the date on which a provisional liquidator is appointed by the Company; or
- (b) in the case of an involuntary winding-up, the date on which a petition for winding up is served on the Company.

20. DURATION OF THE SCHEME

- 20.1 The effective date for the implementation of the Scheme ("**Effective Date**") shall be the date of full compliance with all relevant requirements of the Listing Requirements, including the following:
- (a) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance and a checklist showing compliance with the relevant requirements as may be prescribed by Bursa Securities (and/or such other documents as may be determined by Bursa Securities from time to time);
 - (b) receipt of approval-in-principle from Bursa Securities for the listing and quotation for the new Shares to be issued pursuant to the exercise of ESOS Options granted under the Scheme;
 - (c) procurement of shareholders' approval for the Scheme in a general meeting of the Company;
 - (d) receipt of approval of any other relevant regulatory authorities, where applicable; and
 - (e) fulfilment or waiver (as the case may be) of all conditions attached to any of the abovementioned approvals (if any).
- 20.2 The Scheme shall be in force for a period of five (5) years from the Effective Date. On or before the expiry of the above initial five (5)-year period, the Scheme may be extended for a further period of up to five (5) years, at the sole and absolute discretion of the Board upon the recommendation of the ESOS Committee and without having to obtain approval from the shareholders of the Company, provided always that the initial period and such extension of the Scheme shall not in aggregate exceed a duration of ten (10) years (or such other duration as may be prescribed by Bursa Securities in compliance with the Listing Requirements or any other relevant authorities) from the Effective Date.

DRAFT BY-LAWS (CONT'D)

- 20.3 The Adviser shall submit a confirmation letter to Bursa Securities of full compliance with the relevant requirements of the Listing Requirements stating the effective date of implementation of the Scheme together with a certified true copy of a resolution passed by the shareholders of the Company in general meeting approving the Scheme. The confirmation letter shall be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.
- 20.4 Any extended Scheme under this provision shall be implemented in accordance with the terms of these By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations then in force. For the avoidance of doubt, no further sanction, approval or authorisation of the Company's shareholders in a general meeting is required for any such extension. In the event the Scheme is extended in accordance with the provision of these By-Laws, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make the necessary announcements to Bursa Securities within thirty (30) days prior to the expiry of the initial five (5)-year period.

21. TERMINATION OF THE SCHEME

- 21.1 Subject to compliance with the requirements of Bursa Securities and any other relevant regulatory authorities' requirements, guidelines or directives, the Scheme may be terminated by the Company at any time before its expiry without obtaining the approvals or consents from the Grantees or its shareholders, provided that the Company makes an announcement immediately to Bursa Securities. The announcement shall include:
- (a) the effective date of termination of the Scheme ("**Termination Date**");
 - (b) the number of ESOS Options exercised or Shares vested; and
 - (c) the reasons for termination of the Scheme.
- 21.2 In the event of termination as stipulated by By-Law 21.1 above, the following provisions shall apply:
- (a) no further Offers shall be made by the ESOS Committee from the Termination Date;
 - (b) all Offers which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date;
 - (c) all Offers, ESOS Options and/or Shares which have yet to be vested in the Eligible Persons shall automatically lapse on the Termination Date; and
 - (d) all outstanding ESOS Options which have yet to be exercised by the Grantees shall automatically lapse on the Termination Date and become null and void.

22. DISPUTES/DIFFERENCES

- 22.1 In the event of any dispute or difference arising between the ESOS Committee and an Eligible Person or Grantee, as the case may be, as to any matter of any nature arising under the Scheme, the ESOS Committee shall determine such dispute or difference by a written decision (without any obligation to give any reason thereof) given to the Eligible Person or Grantee, as the case may be, provided that where the dispute is raised by a member of the ESOS Committee, the said member shall abstain from voting in respect of the decision of the ESOS Committee in that instance. The said decision shall be final and binding on the parties unless the Eligible Person or Grantee, as the case may be, within fourteen (14) days of the receipt thereof by written notice to the ESOS Committee (or such other period as may be determined by the ESOS Committee), disputes the same in which case such dispute or difference shall be referred to the decision of the Board, whose decision shall be final and binding in all respects. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.

DRAFT BY-LAWS (CONT'D)

- 22.2 Notwithstanding By-Law 22.1 above, matters concerning adjustments made pursuant to By-Law 14 shall be referred to the external auditors for the time being of the Company or an Adviser, acting as an expert and not as an arbitrator, whose decision shall be final and binding in all respects.

23. COSTS AND EXPENSES

- 23.1 Save as otherwise provided for in the Scheme and the Constitution, all fees, costs and expenses incurred in relation to the Scheme, including but not limited to the fees, costs and expenses relating to the allotment and issuance of new Shares pursuant to the exercise of any ESOS Option shall be borne by the Company.
- 23.2 All taxes (including income tax), if any, arising from the Offer granted and/or exercise of any ESOS Option under the Scheme shall be borne by the Eligible Person.
- 23.3 Notwithstanding the above, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise of the ESOS Options under the Scheme and any holding or dealing of Shares to be allotted and issued pursuant to the exercise of the ESOS Options, including brokerage commissions and stamp duties.
- 23.4 Any cost in relation to the loss of Option Certificate will be fully borne by the Grantee and such Grantee will have to sign a statutory declaration to declare the loss of the Option Certificate.

24. TRANSFER TO/FROM THE GROUP

In the event that:

- (a) an employee or a director who was employed in a company which is related to the Company pursuant to Section 7 of the Act (that is to say, a company which does not fall within the definition of the “**Group**”) is subsequently transferred from such company to any company within the Group; or
- (b) an employee who was in the employment of a company which subsequently becomes a member of the Group a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in (a) above,

(the first mentioned company in (a) and (b) above is herein referred to as the “**Previous Company**”), such an employee of the Previous Company will be eligible to participate in the Scheme for its remaining Option Period, if the affected employee becomes and is an Eligible Person within the meaning under these By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Group pursuant to (b) above as a subsidiary as defined in Section 4 of the Act or any other statutory regulation in place thereof during the Duration of the Scheme, the Scheme shall apply to the employees of such company on the date such company becomes a subsidiary of the Company (provided that such subsidiary is not dormant and/or a foreign subsidiary incorporated out of Malaysia) falling within the meaning of the expression of Eligible Person in By-Law 1 and the provisions of these By-Laws shall apply.

25. DIVESTMENT FROM THE GROUP

- 25.1 If a Grantee who was in the employment of a company in the Group which was subsequently divested from the Group resulting in that company ceasing to be a subsidiary of the Company, unless approved by the ESOS Committee in writing, the ESOS Options unexercised on the date

DRAFT BY-LAWS (CONT'D)

of such company ceasing to be a subsidiary, shall be null and void and be of no effect. Such Grantee shall not be eligible to participate for further ESOS Options under the Scheme.

- 25.2 In the event that the Grantee is transferred from the Group to any associated companies of the Group (which definition shall be that which is adopted by the Malaysian Accounting Standard Board) or to any related companies (as defined in Section 7 of the Act) of the Company which have an existing employees' share option scheme or employees' share issuance scheme in which the Grantee will be entitled to participate, unless approved by the ESOS Committee in writing, the ESOS Options unexercised on the date of transfer shall be null and void and be of no effect.
- 25.3 If the associated company does not have an existing employees' share option scheme or employees' share issuance scheme in which the Grantee will be entitled to participate, the ESOS Committee shall have the sole and absolute discretion to determine whether ESOS Options unexercised by the Grantee will continue to be capable of exercise and the period in which it is capable of being exercised.
- 25.4 Any ESOS Option that has lapsed and become null and void pursuant to this By-Law 25, shall, to the extent that it is then unexercised, be re-allocated to other Eligible Persons at the sole and absolute discretion of the ESOS Committee.
- 25.5 A company shall be deemed to be divested from the Group or disposed of from the Group in the event that the effective interest of the Company in such company is reduced from fifty per centum (50%) and above to less than fifty per centum (50%) so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act.

26. SCHEME NOT A TERM OF EMPLOYMENT

The Scheme does not form part of nor constitute nor shall in any way be construed as a term or condition of employment of an Eligible Person. The Scheme shall not confer nor be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the Group under which the Eligible Person is employed nor any rights additional to compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment.

27. COMPENSATION

- 27.1 Notwithstanding any provisions of these By-Laws:
- (a) the Scheme shall not form part of any contract of employment/appointment between the Company or any company within the Group (whichever applicable) and any employee or director of the Group and the rights of any Grantee under the terms of his/her office or employment with the Company or any company within the Group (whichever applicable) shall not be affected by his/her participation in the Scheme or afford such Grantee any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason; and
 - (b) the Scheme shall not confer on any person any legal or equitable rights (other than those constituting the ESOS Options themselves) against the Company or any company within the Group directly or indirectly or give rise to any cause of action at law or in equity against the Company or the Group.
- 27.2 No Grantee or his/her legal and personal representatives, as the case may be, shall bring any claim, action or proceedings against the Company, the Group, the Board, the ESOS Committee or any party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his/her rights to exercise his/her ESOS Options or his/her ESOS Options ceasing to be valid pursuant to the provisions of these By-Laws.

DRAFT BY-LAWS (CONT'D)**28. CONSTITUTION**

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the Scheme and the Constitution, the provisions of the Constitution shall at all times prevail to the extent permitted by the Listing Requirements and applicable laws.

29. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEME OR EMPLOYEES' SHARE ISSUANCE SCHEME

Subject to the approval of Bursa Securities and any other relevant authorities, the Company may implement more than one (1) employees' share option scheme or employees' share issuance scheme, provided that the aggregate number of Shares available under all the schemes implemented by the Company is not more than fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares, if any) at any point in time during the Duration of the Scheme or such other limit prescribed by any guideline, rule and/or regulation of the relevant authorities from time to time throughout the Duration of the Scheme.

30. DISCLAIMER OF LIABILITY

Notwithstanding any provisions contained herein and subject to the Act, the Company, the Group, the Board and the ESOS Committee shall not under any circumstances and in any event be held liable to any person for any costs, charges, losses, expenses, damages or liabilities whatsoever arising, including but not limited to any delay on the part of the Company in allotting and issuing the new Shares or in procuring Bursa Securities to list the new Shares subscribed for by a Grantee.

31. ERRORS AND OMISSIONS

If in consequence of an error or omission, the ESOS Committee discovers or determines that:

- (a) an Eligible Person who was selected by the ESOS Committee has not been given the opportunity to participate in the Scheme on any occasion; or
- (b) the number of Shares allotted and issued to any Grantee pursuant to an exercise of ESOS Option(s) under the Scheme on any occasion is found to be incorrect,

and such error or omission cannot be corrected within the relevant period specified in the Scheme, the ESOS Committee may do all such acts and things to rectify such error or omission, but not limited to, all acts and things to ensure that the Eligible Person is given the opportunity to participate in the Scheme and/or the aggregate number of new Shares to which the Grantee is correctly entitled to is credited into his/her CDS Account and/or to withdraw the Offer given to the employee or director who was erroneously selected as an Eligible Person.

32. SEVERABILITY

If at any time any provision of these By-Laws is or becomes illegal, void or unenforceable in any respect, the same shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remainder thereof, and any such illegality, voidness or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

33. DECISION OF THE ESOS COMMITTEE

Any decision and/or determination made by the ESOS Committee under these By-Laws shall, in the absence of any manifest error, be final and binding.

DRAFT BY-LAWS (CONT'D)**34. NOTICE**

- 34.1 Any notice under the Scheme required to be given to or served upon the ESOS Committee by an Eligible Person or a Grantee or any correspondence to be made between an Eligible Person or Grantee to the ESOS Committee shall be given or made in writing and sent to the registered office of the Company or such other office which the ESOS Committee may have stipulated for a particular purpose by hand (with acknowledgement of receipt) or registered letter.
- 34.2 Unless otherwise provided in these By-Laws, any notice which under the Scheme is required to be given to or served upon an Eligible Person or Grantee or any correspondence to be made with an Eligible Person or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, or registered letter addressed to the Eligible Person or Grantee at the place of employment or at the last address known to the Company as being his/her correspondence address or by electronic mail. Any notice served by hand, electronic mail or post as aforesaid shall be deemed to have been received at the time when such notice if by hand is received and duly acknowledged, if by electronic mail, such notice shall be deemed to have been received by the recipient on the next day immediately following the day on which the electronic mail is sent and if by registered letter would be in the ordinary course of post be delivered.
- 34.3 Notwithstanding By-Law 34.2, where any notice is required to be given by the Company or the ESOS Committee under these By-Laws in relation to matters which may affect all the Eligible Persons or Grantees, as the case may be, the Company or ESOS Committee may give through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee. Upon the making of such an announcement, the notice to be made under By-Law 34.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantees, as the case may be.

35. GOVERNING LAW

- 35.1 The Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Eligible Person, by accepting the Offer, irrevocably submits to the exclusive jurisdiction of the courts in Malaysia.
- 35.2 Any proceeding or action shall be instituted or taken in Malaysia and the Eligible Person irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.
- 35.3 In order to facilitate the making of any Offer under the Scheme, the Board may provide for such special terms to the Eligible Person(s) who are employed by any company within the Group who are nationals of any particular jurisdiction, that is outside Malaysia, as the Board may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The Board may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without affecting the terms of the Scheme as in effect for any other purpose, and the appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of the Scheme, as then in effect, unless the Scheme has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Person(s) pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.
- 35.4 No action has been or will be taken by the Company to make an Offer valid in any country or jurisdiction other than Malaysia or to ensure compliance of the Offer with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken by the Company to ensure compliance by the Eligible Person to whom an Offer is made,

DRAFT BY-LAWS (CONT'D)

with all applicable laws and regulations in such other country or jurisdiction in which the Eligible Person accepts the Offer.

- 35.5 Any Eligible Person to whom an Offer is made is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the Offer. By their acceptance of the Offer, each Eligible Person has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they accept the Offer.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTERESTS**2.1 Adviser**

TA Securities, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

2.2 Independent Market Researcher

Providence, being the independent market researcher for the overview and outlook of the property investment industry in the state of Perak and the CLQ industry in Malaysia, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. CONFLICT OF INTEREST**3.1 Adviser**

TA Securities has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Adviser for the Proposals.

3.2 Independent Market Researcher

Providence has confirmed that there is no conflict of interest which exists or is likely to exist in its role as the independent market researcher for the overview and outlook of the property investment industry in the state of Perak and the CLQ industry in Malaysia.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, the Board is not aware of any other material litigation, claims or arbitration, pending or threatened against the Group or of any fact likely to give rise to any proceeding, which may materially affect the financial position or business of the Group:

Claims between (i) Zeti Ismrizan Binti Isa and 5 others (collectively, the "Plaintiffs"); (ii) SESB; and (iii) Persatuan Penduduk Bukit Damar Dengkil ("PPBDD"), Dato' Mohamad Hussin Bin Semail and Muhammad Faizal Bin M. Hairl (collectively, the "Third Parties") (Shah Alam High Court ("High Court") Civil Suit No. BA-23NCVC-24-04/2021)

On 19 April 2021, SESB received the Plaintiffs' Writ of Summons and Statement of Claim, both dated 16 April 2021, claiming a sum of RM3,966,065.18 only as alleged specific damages suffered by them, along with other damages to be assessed by the High Court. The claim arises from purported damages and/or variation to the quality or nature of their lands located at Lots 281 and 282 of Kampung Bukit Damar, Dengkil ("Lots 281 and 282"), allegedly caused by SESB, who carried out the construction works on Lots 281 and 282 without their consent ("Main Suit").

FURTHER INFORMATION (CONT'D)

On 26 April 2017, PPBDD and SESB had entered into an agreement to construct the link road, access road and earthworks at Lots 281 and 282. On 17 May 2021, SESB initiated a third party claim against PPBDD and 2 other individuals under their personal capacity for indemnity for losses and/or damages suffered by SESB as a result of the Plaintiff's claims, on the basis that they have breached the agreement entered into, failed to obtain consent from the Plaintiffs and/or fraudulently or negligently misrepresented SESB that they have obtained the consent from all the landowners of Lots 281 and 282 for the commencement of the works by SESB.

On 6 August 2021, the Third Parties filed an application to strike out SESB's third party claim ("**Striking Out Application – Third Party Claim**"). On 3 November 2021, the High Court allowed the Striking Out Application – Third Party Claim due to technical irregularity and the case management for the Main Suit was fixed on 17 November 2021.

On 17 November 2021, SESB informed the High Court that an appeal will be filed against the High Court's decision for the Striking Out Application – Third Party Claim ("**Appeal**") and a leave application will be filed to include the office bearer / chairman of PPBDD as a third party to the Main Suit ("**Leave Application**"). On 18 November 2021, SESB filed a Notice of Appeal for the Appeal in the Court of Appeal and on 30 November 2021, the Leave Application was filed by SESB. On 6 January 2022, the Leave Application was disallowed by the High Court. On 9 February 2022, SESB filed an application to withdraw the Appeal as the parties had reached a consensus for such withdrawal, with costs of RM500.00 only to be paid by SESB.

On 8 March 2022, SESB filed a Writ of Summons and Statement of Claim against Dato' Mohamed Dahan Bin Abdul Latif, in his capacity as the officer bearer / chairman of PPBDD, for breach of contract and Dato' Mohamad Hussin Bin Semail and Muhammad Faizal Bin M. Hairl, in their personal capacity, under the tort of deceit and misrepresentation ("**Suit 99**").

On 25 April 2022, the defendants of Suit 99 filed an application to strike out SESB's claim under Suit 99 ("**Striking Out Application – Suit 99**"). On 15 July 2022, the High Court allowed the consolidation application by SESB with costs and the Main Suit was transferred and consolidated with Suit 99. On 17 August 2022, the High Court directed SESB to amend the Writ of Summons and Statement of Claim for Suit 99 as Dato' Mohamed Dahan Bin Abdul Latif was no longer the chairman of PPBDD, so that where applicable, the execution of the judgement would not be affected. Notwithstanding that, the High Court subsequently suggested SESB to withdraw Suit 99 and file a Third Party Notice under the Main Suit to include the Third Parties.

Following the suggestion of the High Court, SESB had withdrawn Suit 99 with no order as to costs but with liberty to file afresh. On 29 September 2022, SESB filed an application for leave to include the Third Parties under the Main Suit ("**Third Party Proceedings**"). The application was allowed on 15 September 2022 and appearance was entered into by the Third Parties on 11 October 2022. On 12 November 2022, the Third Parties filed their defence together with an application to strike out the Third Party Proceedings ("**Striking Out Application – Third Party Proceedings**").

On 27 March 2024, the Striking Out Application – Third Party Proceedings was dismissed by the High Court with costs of RM3,000.00 only to be paid by the Third Parties. The trial for the Main Suit was initially fixed from 11 November 2024 to 22 November 2024. The trial proceeded only on 13 November 2024 and 14 November 2024 and the other trial dates were vacated by the High Court. The trial for the Main Suit has been fixed on 18 February 2025 to 20 February 2025, 24 February 2025 to 26 February 2025 as well as 5 May 2025, 7 May 2025 and 8 May 2025.

The appointed counsel for the matter is of the view that, based on the evidence and facts, SESB has a good chance of defending the Plaintiffs' claims and/or succeeding in the Third Party Proceedings.

5. MATERIAL CONTRACTS

The Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business of the Group) within 2 years preceding the date of this Circular.

FURTHER INFORMATION (CONT'D)**6. MATERIAL COMMITMENTS**

Save as disclosed below, as at the LPD, the Board confirmed that there are no other material commitments incurred or known to be incurred by the Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group:

Material commitment	Amount (RM'000)
Capital commitments approved and contracted for purchase of property, plant and equipment	7,137

7. CONTINGENT LIABILITIES

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial position or the financial performance of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

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, Wilayah Persekutuan Kuala Lumpur during normal business hours from 8.30 a.m. to 5.30 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitution of the Company;
- (ii) the audited financial statements of the Group for the past 2 FYEs 31 December 2022 and 31 March 2023 as well as the latest unaudited results of the Group for the 9M-FPE 30 September 2024;
- (iii) the CA and Addendum;
- (iv) the JDA;
- (v) the JVSA;
- (vi) the letters of consent and declaration of conflict of interest as referred to in **Sections 2 and 3** of this **Appendix V**, respectively;
- (vii) the IMR Report;
- (viii) the draft By-Laws; and
- (ix) the cause papers for the material litigation as referred to in **Section 4** of this **Appendix V**.

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ADVANCECON HOLDINGS BERHAD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Advancecon Holdings Berhad (“Advancecon” or the “Company”) (“EGM”) will be conducted on a fully virtual basis through live streaming and remote participation and voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via TIIH Online website at <https://tiih.online> on Wednesday, 18 December 2024 at 10:00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESSES OF ADVANCECON AND ITS SUBSIDIARIES (“ADVANCECON GROUP”) TO INCLUDE THE PROPERTY DEVELOPMENT, PROPERTY INVESTMENT, PROPERTY MANAGEMENT AND RELATED BUSINESSES (COLLECTIVELY, “PROPERTY BUSINESSES”) (“PROPOSED DIVERSIFICATION”)

“**THAT** subject to the requisite approvals of the relevant authorities and/or parties having been obtained, approval be and is hereby granted to the Company to diversify the existing businesses of Advancecon Group to include the Property Businesses;

AND THAT the Board of Directors of Advancecon (“Board”) be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things and to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as may be necessary, expedient and/or appropriate to implement and give full effect to and to complete the Proposed Diversification, with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deems fit, necessary, expedient, appropriate and/or as may be imposed or approved by any relevant authorities in connection with the Proposed Diversification.”

ORDINARY RESOLUTION 2

PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”) OF UP TO 15% OF THE TOTAL NUMBER OF ORDINARY SHARES OF ADVANCECON IN ISSUE (“ADVANCECON SHARES” OR “SHARES”) (EXCLUDING TREASURY SHARES, IF ANY) AT ANY ONE TIME DURING THE DURATION OF THE ESOS FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF ADVANCECON GROUP (EXCLUDING DORMANT SUBSIDIARIES AND FOREIGN SUBSIDIARIES INCORPORATED OUT OF MALAYSIA, IF ANY) (“PROPOSED ESOS”)

“**THAT** subject to the requisite approvals of the relevant authorities and/or parties having been obtained, approval be and is hereby granted to the Board to:

- (i) establish and administer the Proposed ESOS which involves the granting of options to subscribe for new Advancecon Shares (“**ESOS Options**”) to the eligible directors (excluding non-executive directors) (“**Eligible Directors**”) and eligible employees of Advancecon Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any), who meet the criteria of eligibility for participation in the Proposed ESOS (“**Eligible Person(s)**”), to subscribe for new Advancecon Shares at a subscription price payable upon exercise of ESOS Options under the Proposed ESOS in accordance with the provisions of the by-laws governing the Proposed ESOS (“**By-Laws**”), a draft of which is set out in **Appendix IV** of the circular to shareholders in relation to the Proposed Diversification and Proposed ESOS;

- (ii) appoint a committee, comprising such numbers of directors and/or management personnel of Advancecon Group ("**ESOS Committee**"), to administer the Proposed ESOS in accordance with the By-Laws;
- (iii) allot and issue such number of new Advancecon Shares to the Eligible Persons from time to time as may be required in connection with the implementation of the Proposed ESOS, provided that the aggregate number of new Advancecon Shares to be allotted and issued under the Proposed ESOS shall not exceed 15% of the total number of Advancecon Shares in issue (excluding treasury shares, if any) at any one time during the duration of the Proposed ESOS;
- (iv) make necessary applications and to do all things necessary at the appropriate time or times, to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation for the new Advancecon Shares that may be allotted and issued from time to time pursuant to the exercise of ESOS Options and that such new Advancecon Shares to be issued shall, upon allotment and issuance, rank equally in all respects with the then existing Advancecon Shares in issue, save and except that the new Advancecon Shares will not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid to the shareholders, the entitlement date of which precedes the date of allotment and issuance of new Advancecon Shares. The new Advancecon Shares will be subject to all the provisions of the Constitution and such amendments thereafter, if any; and
- (v) extend the duration of the Proposed ESOS for a further period of up to 5 years (or such other period as may be prescribed by Bursa Securities in compliance with the Main Market Listing Requirements or any other relevant authorities) on or before the expiry of the initial 5-year period of the Proposed ESOS, at the Board's sole and absolute discretion upon the recommendation of the ESOS Committee, provided that such extension of the Proposed ESOS is made in accordance with the provisions of the By-Laws and shall not exceed a duration of 10 years from the effective date of implementation of the Proposed ESOS (or such other period as may be prescribed by Bursa Securities in compliance with the Main Market Listing Requirements or any other relevant authorities);

THAT the Board be and is hereby authorised to take all such necessary steps to give full effect to the Proposed ESOS with full powers to modify the By-Laws from time to time as may be required or deemed necessary in accordance with the provisions of the By-Laws in relation to amendments and/or modifications and to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed ESOS;

AND THAT the Board be and is hereby authorised to allot and issue such number of new Advancecon Shares credited as fully paid-up to Eligible Persons pursuant to the exercise of ESOS Options and approval be and is hereby given to the Board to authorise the ESOS Committee to take all such steps as are necessary or expedient to implement, finalise or give full effect to the proposed allocations of ESOS Options, with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed and/or approved by the relevant authorities or otherwise thought fit by the ESOS Committee to be in the best interest of the Company; to execute, sign and deliver on behalf of the Company all such agreements, arrangements and documents as may be necessary to give full effect to complete and implement the proposed allocations of ESOS Options; and to deal with all matters relating thereto and/or to do all such acts and things as the Board may deem fit, expedient and in the best interest of the Company."

ORDINARY RESOLUTIONS 3 TO 6

PROPOSED ALLOCATION OF ESOS OPTIONS TO THE INTERESTED DIRECTORS AND EMPLOYEES OF ADVANCECON GROUP (EXCLUDING DORMANT SUBSIDIARIES AND FOREIGN SUBSIDIARIES INCORPORATED OUT OF MALAYSIA, IF ANY) ("PROPOSED ALLOCATIONS")

"THAT subject to the passing of Ordinary Resolution 2 and the requisite approvals of the relevant authorities being obtained for the Proposed ESOS, approval be and is hereby given to the Board to

authorise the ESOS Committee, at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant such number of ESOS Options under the Proposed ESOS (as may be adjusted or modified from time to time pursuant to the By-Laws) to the following Eligible Persons:

(a)	Dato' Phum Ang Kia, an Executive Director of the Company and Group Chief Executive Officer	Ordinary Resolution 3
(b)	Tan Chee Keong, an Executive Director of the Company and Group Chief Financial Officer	Ordinary Resolution 4
(c)	Tung Kai Hung, an Executive Director of the Company	Ordinary Resolution 5
(d)	Phum Boon Jye, a Finance Executive of the Company and daughter of Dato' Phum Ang Kia	Ordinary Resolution 6

provided always that:

- (i) he/she must not participate in the deliberation or discussion of his/her own allocation of ESOS Options as well as allocation of ESOS Options to persons connected with him/her;
- (ii) not more than 10% of the total number of ESOS Options to be issued under the Proposed ESOS would be allocated to him/her who, either singly or collectively through persons connected with him/her, holds 20% or more of the total number of issued Advancecon Shares (excluding treasury shares, if any); and
- (iii) the allocation of ESOS Options to him/her shall be subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws and any prevailing guidelines, rules or regulations issued by Bursa Securities or any other relevant authorities, as amended from time to time;

THAT the Board be and is hereby authorised to allot and issue the corresponding number of new Advancecon Shares arising from the exercise of the ESOS Options that may be granted to any of the abovementioned Eligible Persons under the Proposed ESOS;

AND THAT the Board be further authorised to do all such acts and things (including executing such documents as may be required) in the said connection and to delegate all or any of the powers herein vested in them to any Director(s) or any officer(s) of the Company to give effect to the proposed allocations, with full power to assent to and to adopt and implement any condition, variation, modification and/or amendment as may be necessary or expedient and/or imposed by and/or agreed with the relevant authorities.

By Order of the Board

TAN TONG LANG (MAICSA 7045482 / SSM PC NO. 202208000250)

LOW VEN SIN (MAICSA 7076080 / SSM PC NO. 202208000340)

Company Secretaries

Kuala Lumpur
3 December 2024

Notes:

*An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 if the online meeting platform is located in Malaysia. Members are to attend, speak (including posing questions to the Board via real-time submission of typed texts) and vote (collectively, "**Participate**") remotely at the EGM via RPV facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") in Malaysia via TIIH Online website at <https://tiih.online>. Members are advised to follow the procedures provided in the Administrative Guide for the EGM in order to Participate remotely via the RPV facilities.*

1. *In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 11 December 2024 shall be eligible to Participate remotely at the EGM via RPV facilities or appoint proxy(ies) to Participate remotely at the EGM on his/her behalf.*
2. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints more than one (1) proxy, he/she shall specify the proportions of his/her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.*
3. *A proxy may but need not be a shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to Participate remotely at the EGM shall have the same rights as the shareholder to speak at the EGM.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
7. *The appointment of a proxy may be made in a physical form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM, or at any adjournment thereof, at which the person named in the appointment proposes to vote:*
 - (a) **In physical form**
In the case of an appointment made in physical form, the original Form of Proxy must be lodged with Tricor at its office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.
 - (b) **By electronic means**
The Form of Proxy can be lodged electronically via Tricor's TIIH Online website at <https://tiih.online>. Please follow the procedure for the electronic lodgement of the Form of Proxy as set out in the Administrative Guide for the EGM.
8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, the resolutions set out in this Notice of EGM will be put to vote by way of poll.*

Personal data privacy:-

*By submitting an instrument appointing a proxy(ies) and/ or representative(s) to Participate remotely at the EGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/ or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*



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

ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING ("EGM")

- Day, Date and Time** : Wednesday, 18 December 2024 at 10:00 a.m., or at any adjournment thereof
- Venue** : Online Meeting Platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") in Malaysia
- Meeting Platform** : TIIH Online website at <https://tiih.online>

MODE OF MEETING

The EGM of Advancecon Holdings Berhad (the "**Company**") will be conducted on a fully virtual basis through live streaming and remote participation and voting ("**RPV**") facilities provided by Tricor in Malaysia via TIIH Online website at <https://tiih.online>. An online meeting platform used to conduct the EGM can be recognised as the meeting venue or place as required under Section 327(2) of the Companies Act 2016, provided that the online meeting platform is located in Malaysia.

You may consider appointing the Chairman of the EGM ("**Chairman**") as your proxy to attend and vote on your behalf at the EGM.

RPV FACILITIES

The RPV facilities are available on Tricor's TIIH Online website at <https://tiih.online>.

Shareholders are to attend, speak (in the form of real-time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM using the RPV facilities provided by Tricor.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to participate at the EGM via the RPV facilities must request his/her proxy(ies) or attorney(s) or authorised representative(s) to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

Kindly refer to the procedures for RPV as set out below for the requirements and procedures.

PROCEDURES FOR RPV VIA RPV FACILITIES

Please read and follow the procedures below to engage in RPV through live streaming and remote voting at the EGM using the RPV facilities:

	Procedure	Action
Before the EGM Day		
i	Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services Login", select the "Register" button and followed by "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via e-mail. If you are already a user of TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
ii	Submit your registration for RPV	<ul style="list-style-type: none"> Registration is open from Tuesday, 3 December 2024 until the day of EGM on Wednesday, 18 December 2024. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate in the EGM using the RPV facilities. Login with your user ID (i.e. email address) and password and select the corporate event: "(REGISTRATION) ADVANCECON HOLDINGS BERHAD EGM 2024". Read and agree to the Terms & Conditions and confirm the Declaration. Select "Register for Remote Participation and Voting". Review your registration and proceed to register. The system will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the Company's Record of Depositors as at 11 December 2024, the system will send you an e-mail after 16 December 2024 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i></p>
On the EGM Day		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the EGM at any time from 9:00 a.m. i.e. one (1) hour before the commencement of the EGM on Wednesday, 18 December 2024 at 10:00 a.m.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: "(LIVE STREAM MEETING) ADVANCECON HOLDINGS BERHAD EGM 2024" to engage in the proceedings of the EGM remotely. If you have any question for the Chairman/Board of Directors ("Board"), you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to the questions submitted by remote participants during the EGM. If there is a time constraint, the responses will be e-mailed to you at the earliest possible time, after the EGM.
(e)	Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 10:00 a.m. on Wednesday, 18 December 2024 until a time when the Chairman announces the end of the session. Select the corporate event: "(REMOTE VOTING) ADVANCECON HOLDINGS BERHAD EGM 2024" or if you are on the live stream meeting page, you can select "GO TO REMOTE VOTING PAGE" button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions tabled for voting. Confirm and submit your votes.
(f)	End of Remote Participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the EGM, the live streaming will end.

Note to users of the RPV facilities:

1. Should your registration for the RPV facilities be approved, we will make available to you the rights to join the live stream meeting and to vote remotely at the EGM. Your login to TIIH Online on the day of the EGM will indicate your presence at the virtual EGM.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to tiih.online@vistra.com for assistance.

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Company's Record of Depositors as at 11 December 2024 shall be eligible to participate at the EGM or appoint a proxy(ies) and/or the Chairman to participate at the EGM on his/her behalf.
- In view that the EGM will be conducted on a fully virtual basis, a member can appoint the Chairman as his/her proxy and indicate the voting instruction in the Form of Proxy.
- If you wish to participate in the EGM yourself, please do not submit any Form of Proxy for the EGM. You will not be allowed to participate in the EGM together with a proxy(ies) appointed by you.
- Accordingly, Forms of Proxy and/or documents relating to the appointment of proxy/corporate representative/attorney for the EGM, whether in physical form or by electronic means shall be deposited or submitted in the following manner not later than **Monday, 16 December 2024 at 10:00 a.m.**
 - (i) In physical form:

By hand or post to the office of the Poll Administrator, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.
 - (ii) By electronic means:

All shareholders can have the option to lodge the Form of Proxy electronically via TIIH Online and the steps for electronic lodgement are summarised below:

PROCEDURES FOR ELECTRONIC SUBMISSION OF FORM OF PROXY

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services Login". Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user of TIIH Online, you are not required to register again.
Proceed with Submission of Form of Proxy	<ul style="list-style-type: none"> After the release of the Notice of EGM by the Company, login with your username (i.e. e-mail address) and password. Select the corporate event: "ADVANCECON HOLDINGS BERHAD 2024 EGM – SUBMISSION OF FORM OF PROXY". Read and agree to the Terms and Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy/proxies to vote on your behalf. Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. Review and confirm your proxy/proxies' appointment. Print the Form of Proxy for your record.
ii. Steps for Corporation or Institutional Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online. Under the "e-Services Login", the authorised or nominated representative of the corporation or institutional shareholder select the "Register" button and followed by "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by e-mail within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor Investor & Issuing House Services Sdn Bhd if you need clarifications on the user registration.)</i></p>
Proceed with the submission of Form of Proxy	<ul style="list-style-type: none"> Login to TIIH Online at https://tiih.online. Select the corporate event: "ADVANCECON HOLDINGS BERHAD 2024 EGM – SUBMISSION OF FORM OF PROXY ". Agree to the Terms & Conditions and Declaration. Proceed to download the file format for "Submission of Form of Proxy" in accordance with the Guidance Note set out therein. Prepare the file for the appointment of proxy/proxies by inserting the required data. Login to TIIH Online, select corporate event: "ADVANCECON HOLDINGS BERHAD 2024 EGM – SUBMISSION OF FORM OF PROXY ". Proceed to upload the duly completed proxy appointment file. Select "Submit" to complete your submission. Print the confirmation report of your submission for your record.

POLL VOTING

The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the poll voting electronically.

Shareholders or proxy/proxies or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from **10:00 a.m. on Wednesday, 18 December 2024** but before the end of the voting session which will be announced by the Chairman. Please refer to the Procedures for RPV via the RPV Facilities provided above for guidance on how to vote remotely via TIIH Online.

Upon completion of the voting session for the EGM, the scrutineers will verify the poll results followed by the Chairman's declaration of whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the EGM via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services Login" to login, pose questions and submit electronically no later than **Monday, 16 December 2024 at 10:00 a.m.** The Board will endeavor to answer the questions received at the EGM.

NO DOOR GIFT/ FOOD VOUCHER

There will be no distribution of door gift or food voucher for the EGM.

We thank you for your continuous support to the Company.

ENQUIRY

If you have any enquiry prior to the EGM, you may contact the following persons during office hours on Mondays to Fridays from 9:00 a.m. to 5:30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn Bhd <i>Registration No. 197101000970 (11324-H)</i> Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur		Telephone Number
	General Line	603-2783 9299
	Ms Nur Qaisara Naaila	603-2783 9272 Nur.Qaisara.Naaila@vistra.com
	En Mohammad Amirul	603-2783 9274 mohammad.amirul@vistra.com
	Fax Number	603-2783 9222
	Email	is.enquiry@vistra.com

**ADVANCECON HOLDINGS BERHAD**

(Registration No. 199701011469 (426965-M))

(Incorporated in Malaysia)

FORM OF PROXY

No. of Shares held	CDS Account No.

*I/ We *NRIC No./ Passport No./ Company No.
of.....
and telephone no./ e-mail address.....being a *member/members of
Advancecon Holdings Berhad (the "**Company**"), hereby appoint

Proxy 1 Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding
E-mail Address/ Contact No.			

and (if more than 1 proxy)

Proxy 2 Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding
E-mail Address/ Contact No.			

or failing *him/her, the CHAIRMAN OF THE MEETING as *my/ our *proxy/ proxies, to vote for *me/us and on *my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company which is to be conducted on a fully virtual basis through live streaming and remote participation and voting ("**RPV**") facilities via TIH Online website at <https://tiah.online> on Wednesday, 18 December 2024 at 10:00 a.m., or at any adjournment thereof.

Please indicate with an "X" in the appropriate space(s) provided below on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

Ordinary Resolutions	Details of Ordinary Resolutions	For	Against
Ordinary Resolution 1	Proposed Diversification		
Ordinary Resolution 2	Proposed ESOS		
Ordinary Resolution 3	Proposed Allocation of ESOS Options to Dato' Phum Ang Kia		
Ordinary Resolution 4	Proposed Allocation of ESOS Options to Tan Chee Keong		
Ordinary Resolution 5	Proposed Allocation of ESOS Options to Tung Kai Hung		
Ordinary Resolution 6	Proposed Allocation of ESOS Options to Phum Boon Jye		

**Strike out whichever is not applicable*

Dated this _____ day of _____ 2024

.....
Signature of *Member/Common Seal

**Strike out whichever is not desired.*

.....
Signature of Shareholder(s)

Notes:-

1. *In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 11 December 2024 shall be eligible to attend, speak (including posing questions to the Board of Directors via real-time submission of typed texts) and vote (collectively, "**Participate**") remotely at the EGM via RPV facilities or appoint proxy(ies) to participate on his/her behalf.*
2. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints more than one (1) proxy, he/she shall specify the proportions of his/her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.*
3. *A proxy may but need not be a shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to Participate remotely at the EGM shall have the same rights as the shareholder to speak at the EGM.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
7. *The appointment of a proxy may be made in a physical copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM, or at any adjournment thereof, at which the person named in the appointment proposes to vote:*
 - (a) **In physical form**
*In the case of an appointment made in physical form, the original Form of Proxy must be lodged with the Poll Administrator, Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") at its office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.*
 - (b) **By electronic means**
The Form of Proxy can be lodged electronically via Tricor's TIH Online website at <https://tiih.online>. Please follow the procedure for the electronic lodgement of the Form of Proxy as set out in the Administrative Guide for the EGM.
8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in the Notice of EGM will be put to vote by way of poll.*

Personal Data Privacy:-

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 3 December 2024.

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AFFIX
STAMP

The Poll Administrator for the Extraordinary General Meeting of
ADVANCECON HOLDINGS BERHAD
(Registration No. 199701011469 (426965-M))
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

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