

OTHERS ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR THE "COMPANY") VARIATIONS AND EXTENSION OF TIMEFRAME OF THE UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING (VARIATIONS)

ADVANCECON HOLDINGS BERHAD

| | |
|--------------------|--|
| Type | Announcement |
| Subject | OTHERS |
| Description | ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR THE "COMPANY") VARIATIONS AND EXTENSION OF TIMEFRAME OF THE UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING (VARIATIONS) |

The Board of Directors of Advancecon ("Board") wishes to announce that the Company intends to vary the utilisation of proceeds raised from the initial public offering ("IPO") exercise as disclosed in the Company's Prospectus dated 19 June 2017 ("IPO Prospectus") that was issued in conjunction with the listing of and the quotation of its entire share capital on the Main Market of Bursa Malaysia Securities Berhad on 10 July 2017. The Company has raised gross proceeds of approximately RM56.70 million from its IPO ("IPO Proceeds").

Please refer to the details of announcement as attached.

This announcement is dated 29 August 2018.

Please refer attachment below.

Attachments

ADVCON_Announcement (final).pdf
149.6 kB

Announcement Info

| | |
|-------------------------|------------------------------|
| Company Name | ADVANCECON HOLDINGS BERHAD |
| Stock Name | ADVCON |
| Date Announced | 29 Aug 2018 |
| Category | General Announcement for PLC |
| Reference Number | GA1-29082018-00054 |

ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR THE "COMPANY")

VARIATIONS AND EXTENSION OF TIMEFRAME OF THE UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING ("VARIATIONS")

1. INTRODUCTION

The Board of Directors of Advancecon ("**Board**") wishes to announce that the Company intends to vary the utilisation of proceeds raised from the initial public offering ("**IPO**") exercise as disclosed in the Company's Prospectus dated 19 June 2017 ("**IPO Prospectus**") that was issued in conjunction with the listing of and the quotation of its entire share capital on the Main Market of Bursa Malaysia Securities Berhad on 10 July 2017. The Company has raised gross proceeds of approximately RM56.70 million from its IPO ("**IPO Proceeds**").

2. DETAILS OF THE VARIATIONS AND EXTENSION OF TIMEFRAME OF THE UTILISATION OF PROCEEDS

As at the date of this announcement, the Company and its subsidiaries ("**Group**") have utilised approximately RM39.92 million from the IPO Proceeds and a balance amount of RM16.79 million has yet to be utilised from the IPO Proceeds ("**Unutilised IPO Proceeds**"). The Board wishes to announce that it has resolved a variation and extension of timeframe for the Unutilised IPO Proceeds of approximately RM16.79 million as set out below:

| Details of utilisation | Allocation of IPO Proceeds upon listing ¹ RM'000 | Actual utilisation of IPO Proceeds RM'000 | Unutilised IPO Proceeds RM'000 | Variations to the IPO Proceeds RM'000 | After Variations to the IPO Proceeds RM'000 | Estimated timeframe for utilisation (from the listing date) | Revised timeframe for utilisation (from the listing date) |
|--|--|--|-----------------------------------|--|--|---|---|
| i. Total capital expenditures:- | 29,700 | (12,960) | 16,740 | (510) | 16,230 | Within 24 months | Within 36 months |
| (a) Purchase of new construction machinery and equipment | 15,100 | (12,960) | 2,140 | - | 2,140 | Within 12 months | Within 24 months |
| (b) Construction of new workshop | 14,600 | - | 14,600 | (510) ² | 14,090 ² | Within 24 months | Within 36 months ² |
| ii. Repayment of bank borrowings | 12,500 | (12,455) | 45 | (45) | - | Within 6 months | - |
| iii. Working Capital | 10,700 | (10,700) | - | 555 ³ | 555 | Within 24 months | Within 24 months |
| iv. Estimated listing expenses | 3,800 | (3,800) | - | - | - | Upon listing | - |
| Total | 56,700 | 39,915 | 16,785 | | | | |

Notes:-

- ¹ As per IPO Prospectus dated 19 June 2017
- ² The IPO Proceeds of RM14.60 million was initially earmarked to construct an in-house workshop for the purpose of carrying out repair and maintenance services of their machinery and equipment at a piece of industrial land at Lot 8, Jalan Sultan Alauddin 5, Kawasan Perindustrian Fasa 4, Bandar Sultan Suleiman Pelabuhan Kelang, 42000 Selangor with a land area of 167,982 ft² ("**Pelabuhan Kelang Land**") ("**Pelabuhan Kelang Workshop**").

A wholly-owned subsidiary of the Company namely Advancecon Machinery Sdn Bhd, had on 12 April 2018 entered into two (2) separate sale and purchase agreement with Perbadanan Kemajuan Negeri Selangor dated 12 April 2018 for the proposed acquisition of two (2) pieces of industrial lands located along Jalan Kota Puteri 6, Kawasan Industri Seksyen 6, Kota Puteri, Bandar Batu Arang, Daerah Gombak, Selangor ("**Kota Puteri Land**"), total land area of 42,649 square metres for the proposed construction of new workshop ("**Kota Puteri Workshop**"). The purpose to acquire these (2) pieces of industrial lands are to serve the recently secured earthworks and civil engineering projects located at the northern Selangor region (i.e. Districts of Gombak and Kuala Selangor) and future expansion of the Group's fleet of machinery as well as the possibility of the Group securing more infrastructure projects at the northern Selangor region.

The estimated total construction cost for the Kota Puteri Workshop is approximately RM14.09 million and the excess amount of approximately RM0.51 million for the Pelabuhan Kelang Workshop will be budgeted for working capital purpose as further elaborated in note 3 below.

In addition, after taking into consideration of the additional time required for the construction of the Kota Puteri Workshop and the relevant approvals from the authorities to be obtained, the Board has resolved to extend the time frame for the utilisation of the proceeds raised from the IPO for another 12 months period until July 2020 ("**Extension**").

- ³ The excess amount of approximately RM0.56 million allocated for construction of new workshop and repayment of bank borrowings has been re-allocated to day-to-day working capital expenses for payment to suppliers.

3. RATIONALE

After careful deliberation of the operational needs of the Group, the Board is of the view that the Variations will enable the Group to carry out its projects more efficiently with the relocation of the new workshop to the Kota Puteri Land which is nearer to its major projects at the northern Selangor region.

The Board is of the opinion that the Variations is in the best interest of the Group and shall not have any adverse effect on the future plans and business operations of the Group.

4. APPROVALS REQUIRED

The Variations is not subject to any regulatory authorities' or shareholder's approval on the basis that the Variations is not material and remains consistent with the Group's existing business, and future plans and prospects as disclosed in the IPO Prospectus.

Nevertheless, the Company shall continue to be prudent in managing the IPO Proceeds and will continue to disclose the status of the utilisation of the IPO Proceeds in its quarterly results and annual reports until its full utilisation.

This announcement is dated 29 August 2018.