

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS ADVANCECON HOLDINGS BERHAD (ADVANCECON OR THE COMPANY) - PROPOSED DISPOSAL OF LAND

ADVANCECON HOLDINGS BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON RELATED PARTY TRANSACTIONS
Description	ADVANCECON HOLDINGS BERHAD (ADVANCECON OR THE COMPANY) - PROPOSED DISPOSAL OF LAND

Pursuant to Paragraph 10.06 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board of Directors of Advancecon Holdings Berhad ("ADVANCECON" or "the Company") wishes to announce that Advancecon Properties Sdn. Bhd. ("APSB" or "the Vendor"), a wholly-owned subsidiary of the Company, had on 29 August 2018 entered into a Sale and Purchase Agreement ("SPA") with Acmar Auto Parts (M) Sdn. Bhd. ("the Purchaser") for the disposal of all that piece of leasehold industrial land located at PT 65651, Jalan Sultan Alauddin 5/KU17, Bandar Sultan Sulaiman, 42000 Pelabuhan Klang, Selangor (Lot 8, Jalan Sultan Alauddin 5, Kawasan Perindustrian Fasa 4, Bandar Sultan Suleiman, Port Klang, 42000 Selangor) ("the Land") for a total cash consideration of RM9,070,000.00 only ("Purchase Price") ("Proposed Disposal").

Please refer to the details of announcement as attached.

This announcement is dated 29 August 2018.

Please refer attachment below.

Attachments

Advancecon- Disposal of Land (leasehold industrial land) (for Bursa).pdf
232.0 kB

Announcement Info

Company Name	ADVANCECON HOLDINGS BERHAD
Stock Name	ADVCON
Date Announced	29 Aug 2018
Category	General Announcement for PLC
Reference Number	GA1-29082018-00102

**ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR THE "COMPANY")
- PROPOSED DISPOSAL OF LAND**

1. INTRODUCTION

Pursuant to Paragraph 10.06 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board of Directors of Advancecon Holdings Berhad ("ADVANCECON" or "the Company") wishes to announce that Advancecon Properties Sdn. Bhd. ("APSB" or "the Vendor"), a wholly-owned subsidiary of the Company, had on 29 August 2018 entered into a Sale and Purchase Agreement ("SPA") with Acmar Auto Parts (M) Sdn. Bhd. ("the Purchaser") for the disposal of all that piece of leasehold industrial land located at PT 65651, Jalan Sultan Alauddin 5/KU17, Bandar Sultan Sulaiman, 42000 Pelabuhan Klang, Selangor (Lot 8, Jalan Sultan Alauddin 5, Kawasan Perindustrian Fasa 4, Bandar Sultan Suleiman, Port Klang, 42000 Selangor) ("the Land") for a total cash consideration of RM9,070,000.00 only ("Purchase Price") ("Proposed Disposal").

2. INFORMATION ON THE PROPOSED DISPOSAL

2.1 Details of the Land

The details of the Land are set out as follows:

Land Title	HS(M) 42054, PT 65651, Mukim Kapar, District of Klang, State of Selangor
Postal address	PT 65651, Jalan Sultan Alauddin 5/KU17, Bandar Sultan Sulaiman, 42000 Pelabuhan Klang, Selangor (Lot 8, Jalan Sultan Alauddin 5, Kawasan Perindustrian Fasa 4, Bandar Sultan Suleiman, Port Klang, 42000 Selangor)
Tenure	Leasehold for 99 years, expiring on 7 December 2110
Total land area	15,606 square metres
Category of land use	Industry
Express Condition	Medium Industry
Restriction in interest	This land cannot be transferred, charged or leased unless with the approval of the State Authority
Existing use of the Land	Vacant
Registered Owner	APSB
Encumbrances	The Land is charged to Al Rajhi Banking & Investment Corporation (Malaysia) Bhd vide charges presentation nos. 373/2017 and 374/2017
Net book value as at 31 December 2017 (audited)	RM 5,470,011
Original cost	RM 5,764,603

2.2 Information on the Purchaser

The Purchaser was incorporated as a private limited company in Malaysia under the Companies Act 1965 on 31 January 1992.

The principal activity of the Purchaser is dealing in heavy vehicles spare parts.

3. BASIS OF ARRIVING AT THE PURCHASE PRICE

The total consideration of RM9,070,000.00 was arrived at on a willing buyer and willing seller basis based on the negotiation between the Purchaser and APSB and after taking into consideration of the following:

- i) Net book value of the Land as at 31 December 2017 of RM 5,470,011; and
- ii) The market value of RM8,400,000.00, as appraised by Henry Butcher Malaysia (Sel) Sdn. Bhd. based on its valuation report dated 4 August 2016 using the comparison methods of valuation.

4. SALIENT TERMS OF THE SPA

The words and abbreviations used throughout this section of the Announcement shall have the same meaning as defined in the SPA unless the context otherwise requires or defined herein.

4.1 Payment of the Purchase Price

4.1.1 Subject to the provisions of the SPA, the Purchase Price shall be paid to the Vendor as follows:

(a) the sum equivalent to ten per centum (10%) of the Purchase Price, being the sum of Ringgit Malaysia Nine Hundred and Seven Thousand (RM907,000.00) only being the deposit for the purchase of the Land ("Deposit") shall be paid by the Purchaser in the following manners:

- (i) the sum of Ringgit Malaysia One Hundred Eighty One Thousand and Four Hundred (RM181,400.00) only, equivalent to two per centum (2%) of the Purchase Price, being the earnest deposit paid by the Purchaser to Oriental Realty prior to the execution of the SPA, the receipt thereof the Vendor hereby acknowledges; and
- (ii) the sum of Ringgit Malaysia Seven Hundred Twenty Five Thousand and Six Hundred (RM725,600.00) only, equivalent to eight per centum (8%) of the Purchase Price ("remaining Deposit"), to the Vendor's Solicitors as stakeholders and to be dealt with in accordance with Clause 4.1.2 below.

For the avoidance of doubt, the Deposit shall only form part payment of the Purchase Price upon the date the last of all the Conditions Precedent (as defined below) as stipulated under Clause 4.2.1 below being fulfilled or complied with in accordance with the terms provided in the SPA and when the SPA becomes unconditional ("Unconditional Date"); and

(b) the balance ninety per centum (90%) of the Purchase Price, being the sum of Ringgit Malaysia Eight Million One Hundred and Sixty Three Thousand (RM8,163,000.00) only ("Balance Purchase Price") shall be paid by the Purchaser to the Vendor's Solicitors as stakeholders on a date within four (4) months from the Unconditional Date ("Completion Period") but subject to Clause 4.1.3 below and shall be dealt with in accordance with the provisions of the SPA.

4.1.2 The Vendor's Solicitors shall be authorised as follows:

- (a) upon receipt of the remaining Deposit and upon the clearance of the cheque from the Purchaser, to place the remaining Deposit into a fixed deposit account to accrue interest thereon ("interest accrued") and shall be irrevocably authorized by the Purchaser and the Vendor (collectively as "the Parties") to release the remaining Deposit together with all interest accrued thereon to the Vendor upon the Unconditional Date;

or

- (b) to refund the Deposit free of interest to the Purchaser in the event of termination of the SPA if any of the Conditions Precedent is not satisfied within six (6) months from the date of the SPA or such further extended period as may be mutually agreed in writing between the Parties ("Conditions Precedent Period") and at the same time remit all the interest accrued from the fixed deposit account thereon for the Deposit to the Purchaser,

whichever case may be applicable.

4.1.3 In the event that the Purchaser is unable to pay the Balance Purchase Price within the Completion Period for any reason whatsoever, the Vendor shall extend the Completion Period for one (1) month ("Extended Completion Period") for the Purchaser to pay the Balance Purchase Price Provided Always that the Purchaser shall pay to the Vendor interest on the Balance Purchase Price or any sum remaining unpaid, as the case may be, at the rate of eight per centum (8%) per annum calculated on daily rests for the period commencing from the day next following the last day of the Completion Period until the date of full payment of the Balance Purchase Price to the Vendor's Solicitors ("Late Payment Interest") and such Late Payment Interest shall be paid by the Purchaser simultaneously with the payment of the Balance Purchase Price to the Vendor's Solicitors which shall in anywhere be paid within the Extended Completion Period.

4.2 Conditions Precedent

4.2.1 Satisfaction of Conditions Precedent

The sale and purchase of the Land shall be conditional upon the following conditions precedent ("Conditions Precedent") having been fulfilled on or before the Conditions Precedent Period:

- (a) the State Authority's unconditional consent to transfer of the Land from the Vendor to the Purchaser having been obtained by the Vendor, at the Vendor's own cost and expense ("Consent to Transfer"). A copy of the Consent to Transfer, duly certified as true copy by the Vendor's Solicitors, to be forwarded to the Purchaser's Solicitors; and/or
- (b) the approval or consent of any other relevant authority and/or parties not specifically mentioned above (if any) as may be advised by the Purchaser's Solicitors to the Vendor's Solicitors within two (2) months from the date of the SPA, failing which it shall be deemed that no such additional approvals or consents from authorities is required for the sale and purchase of the Land.

4.2.2 Waiver of Conditions Precedent

The Parties acknowledge that the Conditions Precedent provided in Clause 4.2.1 above are inserted for the protection, benefit and advantage of the Purchaser and notwithstanding any other provisions of the SPA, the Purchaser shall be entitled, to the extent permissible under the law, to waive the requirement of any of the Conditions Precedent in writing and proceed to complete the purchase of the Land in accordance with the terms herein. For the avoidance of doubt, in the event the Purchaser exercises its

right to waiver pursuant to this clause, the Unconditional Date shall be the date the Purchaser waives the requirement of any or all of the Conditions Precedent herein subject to all the other Conditions Precedent which have not been waived having been fulfilled or complied in accordance with the terms provided herein.

4.3 Default and Termination

4.3.1 Default by the Parties

- (a) In the event of an occurrence of any of the events stated hereunder:
- (i) a party breaches any of the terms or conditions of the SPA or if it fails to perform or observe any undertaking, obligation or agreement expressed or implied in the SPA; or
 - (ii) a receiver, receiver and manager, special administrator, trustee or similar official is appointed over any of the assets or undertaking of a party; or
 - (iii) a party enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them; or
 - (iv) an petition or order is made for the winding up or dissolution of a party or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the said party,

and the other party ("non-defaulting Party") is not in breach of any of the provisions of the SPA, the non-defaulting Party may give notice in writing to the defaulting party specifying the default or breach requiring the defaulting party to remedy the said default or breach within fourteen (14) days of the receipt of such notice, failing which the non-defaulting Party shall, without prejudice to any other rights or remedies stated in the SPA or at law which may be available to it, have the right to terminate the SPA forthwith or to claim for specific performance of the SPA against the defaulting party and to all the reliefs flowing therefrom, as the case may be.

- (b) In the event the Purchaser breaches any of the terms or conditions of the SPA or if it fails to perform or observe any undertaking, obligation or agreement expressed or implied in the SPA, the Vendor shall, should it elect to terminate the SPA pursuant to Clause 4.3.1 (a) above, and without prejudice to any other rights and remedies stated in the SPA or at law which may be available to the Vendor, forfeit a sum equivalent to the Deposit as compensation and to refund to the Purchaser all other monies paid towards the payment of the Purchase Price free of interest within fourteen (14) days from the date of receipt of the written notification from the Purchaser of such termination, but subject to fulfilment of Clause 4.3.2 below by the Purchaser, failing which, the Vendor shall pay interest to the Purchaser at the rate of eight per centum (8%) per annum on a daily basis on the outstanding sum until the same is fully paid by the Vendor to the Purchaser.
- (c) In the event the Vendor breaches any of the terms or conditions of the SPA or if it fails to perform or observe any undertaking, obligation or agreement expressed or implied in the SPA, the Purchaser(s) shall be entitled:
- (i) to specific performance of the SPA (in which case the Purchaser shall be entitled to take such action as may be available to the Purchaser at law to enforce specific performance of the SPA against the Vendor and all other legal remedies available to the Purchaser as may be determined by the court; or
 - (ii) should the Purchaser elect to terminate the SPA pursuant to Clause 4.3.1 (a) above, and without prejudice to any other rights and remedies hereunder or at law which may be

available to the Purchaser, the Vendor shall subject to fulfilment of Clause 4.3.2 below by the Purchaser, refund to the Purchaser all monies paid towards the payment of the Purchase Price (including the Deposit) free of interest within fourteen (14) days from the date of receipt of the written notification from the Purchaser of such termination, failing which, the Vendor shall pay interest to the Purchaser at the rate of eight per centum (8%) per annum on a daily basis on the outstanding sum until the same is fully paid by the Vendor to the Purchaser.

4.3.2 Consequence of termination

(a) Upon the termination of the SPA by the Vendor and/or the Purchaser pursuant to Clauses 4.3.1(b) and/or (c) above, as the case may be, the Purchaser shall within fourteen (14) days of such termination and at the Purchaser's own cost and expense:

- (i) re-deliver vacant possession of the Land to the Vendor (if they have already been delivered to the Purchaser) in substantially the state and condition of the Land was in at the time vacant possession thereof was delivered by the Vendor to the Purchaser;
- (ii) withdraw, remove or cancel or cause to be withdrawn, removed or cancelled all encumbrances, including but not limited to caveats and prohibitory orders, attributable to the Purchaser and/or any person claiming through or under the Purchaser at the Purchaser's own costs and expenses; and
- (iii) return or cause to be returned to the Vendor the Memorandum of Transfer (after refund of the stamp duty by the authority on application made by the Purchaser), the current original issue document of title of the Land, the duplicate registered Charge, the Discharge of Charge by Al Rajhi Banking & Investment Corporation (Malaysia) Bhd, and original Consent to Transfer, with the Vendor's title to and interest in the Land intact (where the same has been provided to the Purchaser or the Purchaser's Solicitors or the Purchaser's financier or the Purchaser's financier's solicitors, as the case may be),

whereupon the SPA shall cease to be of any further effect and neither party shall have any further or other claim against the other party in relation to the SPA or at law save for any antecedent breach of the terms of the SPA. Upon such termination, the Vendor shall be entitled to sell, dispose of or otherwise deal with the Land in any manner as the Vendor deems fit as if the SPA had not been made between the Parties.

4.4 Late in redelivery of documents/ withdrawal of private caveat

4.4.1 The Purchaser hereby covenants and undertakes that in the event the Vendor shall have complied with all the terms and conditions to be complied by the Vendor upon any lawful termination of the SPA and the Purchaser, if applicable, fails to re-deliver the documents forwarded to the Purchaser, the Purchaser's Solicitors, the Purchaser's financier or the Purchaser's financier's solicitors (as the case may be) or fails to withdraw or caused to be withdrawn any caveat, the Purchaser shall in addition to any other rights or remedies which the Vendor may be entitled, be liable to pay to the Vendor compensation to be calculated at the rate of eight per centum (8%) per annum on daily rest on the Purchase Price for the period commencing from the date falls immediately after the expiry of forty five (45) days from the date of the Vendor's full compliance of all the terms and conditions on the part of the Vendor to be complied upon any lawful termination of the SPA until the actual date of full compliance by the Purchaser thereof.

4.5 Delivery of the Land

4.5.1 Vacant possession of the Land shall be deemed delivered to the Purchaser on the date on which the Vendor shall have received from the Purchaser the full Purchase Price and Late Payment Interest (if any) together with quit rent and assessment charges and any other sum payable by the Purchaser to the Vendor under the SPA ("VP Date").

- 4.5.2 The risk in the Land with regards to loss or damage to the Land shall pass from the Vendor to the Purchaser on the VP Date or on such earlier date of delivery of the vacant possession of the Land to the Purchaser, as the case may be.

5. RATIONALE THE PROPOSED DISPOSAL

The rationale for the disposal is to switch the location of workshop from Pelabuhan Kelang to Kota Puteri.

6. COST OF INVESTMENT AND EXPECTED GAINS ON PROPOSED DISPOSAL

The original cost and date of investment, and the latest audited net book value of the Land based on the latest audited consolidated financial statements of ADVANCECON as at 31 December 2017 are as follows:

	Audited net book value as at 31 December 2017 (RM'000)	Original cost of investment (RM'000)	Date of investment
Leasehold land:			
- At cost	5,470	5,764	20 August 2013

The Proposed Disposal is expected to result in a gain on disposal of approximately RM2,591,223 after taking into consideration of the audited net book value of the Land, current year depreciation charged, estimated real estate commission, company tax and professional fees.

7. UTILISATION OF PROCEEDS

The proceeds from the Proposed Disposal is to be used for working capital purposes and repayment of bank borrowings within 12 months.

8. RISK FACTORS

The completion of the Proposed Disposal is subject to, among others, the fulfilment of the terms and conditions of the SPA as well as the Conditions Precedent, by the relevant Parties. However, there is no assurance that all the terms and conditions and Conditions Precedent can be fulfilled by the Parties to the SPA within the time frame as set out in the SPA or that the Proposed Disposal will not be exposed to risks such as the inability to comply with the conditions imposed by the relevant authorities. In such event, the Proposed Disposal may be delayed or terminated. The Company endeavours to take all reasonable steps to ensure the fulfillment of the Conditions Precedent and its obligation under the SPA for the purpose of completing the Proposed Disposal.

9. EFFECTS OF THE PROPOSED DISPOSAL

9.1 Share Capital and Substantial Shareholders' Shareholding

The Proposed Disposal will not have any effect on the share capital and substantial shareholdings of ADVANCECON as the Purchase Price will be fully satisfied in cash.

9.2 Net Assets ("NA"), NA per share and Gearing

The Proposed Disposal is not expected to have any immediate material effect on the NA, NA per share and gearing of ADVANCECON for the financial year ending 31 December 2018.

9.3 Earnings Per Share ("EPS")

The Proposed Disposal will not have any material effect on the earnings and earnings per share of ADVANCECON Group for the financial year ending 31 December 2018.

10. ASSUMPTION OF LIABILITIES

There are no other liabilities, including contingent liabilities and guarantees to be assumed by the Purchaser arising from the Proposed Disposal.

11. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSON CONNECTED TO THEM

None of the Directors, major shareholders and/or persons connected to them as has any interest, whether direct or indirect, in the Proposed Disposal.

12. ESTIMATE TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed by the second quarter of 2019.

13. APPROVAL REQUIRED

The Proposed Disposal is not subject to the approval of the shareholders of the Company. However, the transfer of the Land from APSB to the Purchaser is subject to the approval or consent from the State Authority and any other relevant authorities/parties, if necessary.

The Proposed Disposal is not conditional upon any other corporate proposals undertaken or to be undertaken by ADVANCECON.

14. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Listing Requirements is 5.19%.

15. DIRECTORS' STATEMENT

The Board of Directors, having considered all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is fair and reasonable and is in the best interest of ADVANCECON.

16. DOCUMENTS FOR INSPECTION

The SPA is available for inspection at the registered office of the Company at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, during normal working hours from Monday to Friday (except Saturday, Sundays and Public Holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 29 August 2018.