

OTHERS ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR "THE COMPANY") - SHAREHOLDERS' AGREEMENT BETWEEN ADVANCECON HOLDINGS BERHAD, CHEN SIEW SIN AND CHONG CHEE HIUNG

ADVANCECON HOLDINGS BERHAD

Type	Announcement
Subject	OTHERS
Description	ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR "THE COMPANY") - SHAREHOLDERS' AGREEMENT BETWEEN ADVANCECON HOLDINGS BERHAD, CHEN SIEW SIN AND CHONG CHEE HIUNG

1. INTRODUCTION

The Board of Directors of Advancecon Holdings Berhad ("Advancecon" or "the Company"), wishes to announce that the Company had on 18 August 2020 entered into a Shareholders' Agreement ("the Agreement") with Chen Siew Sin ("CSS") and Chong Chee Hiung ("CCH") (collectively referred to as "the Parties" and any one of them referred to as "the Party") to mutually cooperate in the conduct of the business and affairs of Advancecon Sarawak Sdn Bhd ("Advancecon Sarawak" or "JVCO"), as a joint venture arrangement ("Joint Venture") to provide earthworks, civil engineering services and other related services in Sarawak and to govern the rights and obligations of the parties in ASSB ("SA").

2. BACKGROUND INFORMATION ON ADVANCECON SARAWAK

Advancecon Sarawak is a private limited company incorporated in Malaysia under the Companies Act, 2016 on 12 October 2018. As at the date of this announcement, the issued share capital of Advancecon Sarawak is RM750,000 comprising 750,000 ordinary shares. The shareholders of Advancecon Sarawak are as follows:-

	No. of Ordinary Shares Held	% of shareholdings
Advancecon Holdings Berhad	225,000	30
Chen Siew Sin	300,000	40
Chong Chee Hiung	225,000	30
Total	750,000	100

The principal activity of Advancecon Sarawak is to carry on the business providing earthworks, civil engineering and related services.

3. INFORMATION ON ADVANCECON, CSS AND CCH

i) ADVANCECON

Advancecon is a public company incorporated in Malaysia on 9 April 1997 and was listed on Main Market of Bursa Malaysia Securities Berhad on 10 July 2017. As at the date of this announcement, the total issued share capital of Advancecon is RM87,074,071.00 comprising 405,015,000 ordinary shares. Advancecon is principally involved as investment holding company.

ii) CSS AND CCH

CSS and CCH are both Malaysian individuals.

4. BUSINESS AND SALIENT TERMS OF THE SHAREHOLDERS' AGREEMENT

4.1 Term of Joint Venture

The Parties agree that the Joint Venture shall subject to the terms of the SA continue until and unless the Parties mutually agree to terminate Advancecon Sarawak and/or have Advancecon Sarawak wound up voluntarily, wherein Special Resolution in accordance with Section 439 of the Companies Act, 2016 must be passed by Advancecon Sarawak.

4.2 Permitted Business

Subject to the SA, the Parties agreed that the primary objects of the Company shall be to carry on the business of:

- a) providing earthworks and civil engineering; and
- b) other services which are related to sub-paragraph (a) above.

collectively referred to as "Business".

The Parties may mutually agree to include such additional businesses or services in the Business of the Company, provided that such additional services shall be of mutual benefit to both Parties.

4.3 Territory

The Company shall carry on the Business in Sarawak, Malaysia. Prior approval of Advancecon shall be obtained before the Company carries out any work outside the Territory.

4.4 Composition of the Board of Directors

As at the date of this announcement, the Directors of Advancecon Sarawak are Chen Siew Sin and Ir. Yeo An Thai, a Director of the Company.

Each Party is entitled to appoint any person as is permitted under the Companies Act 2016 to act as a director of ASSB provided that the directors nominated by each of the Party respectively shall be subject to the other Party's approval.

The Chairperson of the Board shall be Chen Siew Sin.

4.5 Funding

The Board of Directors of Advancecon Sarawak will determine from time to time the working capital requirements of the Company. The Parties agree that if an increase in the working capital of the Company is required for the operation of the Company, it shall as far as practicable be so funded in accordance with the manner set out below:

- (a) by way of a further increase in the share capital of the Company as may be determined by the Board of the Company; and/or
- (b) by way of third party loans from banks and/or financial institutions, subject to reserve matters stated in the SA.

In the event that:

(a) any increase in the share capital of Advancecon Sarawak is required for purpose of funding pursuant to the above, then the funding shall be contributed by each of the Parties in accordance with the proportion of shareholdings unless otherwise agreed by the Parties;

(b) the banks and/or financial institutions in respect of the third party loans contemplated in the SA requires Shareholders' guarantee(s) in addition to the assets of Advancecon Sarawak, the Parties hereby agree to subject to the SA such Shareholders' guarantee(s) to such credit institution as additional securities for such financing in equal proportion unless otherwise agreed by the Parties.

4.6 Failure to subscribe new shares

If any Party shall fail to subscribe for all or any part of the shares in Advancecon Sarawak to which it is obliged to subscribe pursuant to the terms of the SA within the stipulated for each subscription ("Non-Complying Shareholder"):-

(i) the Party who is not in default ("Complying Party") shall give a notice in writing to the Non-Complying Shareholder requiring it to subscribe for the relevant shares within five (5) Business Days of the date of such

Shareholder requiring it to subscribe for the relevant shares within five (5) Business Days of the date of such notice (the date of giving of such notice is hereinafter referred to as the "Subscription Date");

(ii) in the event the Non-Complying Shareholder continues to fail to subscribe for all or any part of such shares ("Non-Subscribed Shares") at the end of the Subscription Date, then the Non-Complying Party within five (5) Business Days after expiry of the Subscription Date to subscribe for all or part of the Non-Subscribed Shares; and

(iii) If any of the Non-Subscribed Shares shall remain unsubscribed for more than fifteen (15) days after the Subscription Date or after the completion of the Subscription Date or after the completion of the subscription made pursuant to Clause ii above, then all rights to subscribe for such remaining Non-Subscribed Shares shall lapse automatically.

In the event any issue and allotment of any shares of Advancecon Sarawak to any Party requires the approval of any relevant governmental authority, then such issue and allotment shall be subject to and be conditional upon the approval of the relevant governmental authority being obtained by Advancecon Sarawak. Accordingly, any time within which any act has to be performed in relation to the aforesaid issue and allotment shall be extended for such period of time as may be necessary to enable such approvals to be obtained provided always that a party to which an issue and allotment is not approved shall not for purpose of the above constitute a Non-Complying Shareholder.

4.7 Parties Obligation

Advancecon shall:

- a) provide technical advice relating to the implementation of the project from time to time;
- b) provide its technology know-how and technical and operational experience and expertise to Advancecon Sarawak; and
- c) do all such things as are necessary in order to conduct the Business in the best interest of Advancecon Sarawak.

CSS shall:

- a) assist in marketing services on behalf of Advancecon Sarawak:
 - i. to secure contracts relating to the Business within the Territory; and
 - ii. promotion of the Business to the business partners or potential customers within the Territory;
- b) provide strategic and advice regarding the business plans, investment, marketing and operations of Advancecon Sarawak as well as to provide guidance to Advancecon Sarawak to tender for government and private projects within the Territory;
- c) shall establish relationships between Advancecon Sarawak and potential customers (government and public sector); and
- d) shall do all such things as are necessary in order to conduct the Business in the best interest of Advancecon Sarawak.

CCH shall assist in the overall operations of Advancecon Sarawak and do all such things as are necessary from time to time to conduct the Business in the best interest of Advancecon Sarawak.

5. RATIONALE OF THE SA

The Joint Venture in Advancecon Sarawak will provide opportunities for the Parties to establish a strategic partnership for various activities pertaining to providing earthworks, civil engineering services and other related services in Sarawak based on the respective party's expertise and strengths which allows the Parties to tap into each other's expertise and resources.

6. RISK FACTORS

The risk related to the transaction in connection with the Joint Venture is typical to any commercial contract. These include breaches or non-compliance of joint venture or other obligations under the Joint Venture.

7. FINANCIAL EFFECTS ON THE SA

The Joint Venture will not have any effect on the share capital and substantial shareholders' shareholdings of the Company as it will be fully satisfied in cash.

In addition, the Joint Venture is not expected to have a material effect on the earnings per share, net assets and gearing of the Group for the financial year ending 31 December 2020. Barring any unforeseen circumstances, the Joint Venture is expected to contribute positively to the Group's earnings and net assets in the future.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors' and/or major shareholders of the Company and/or persons connected to them have any interest, direct or indirect, in the Agreement.

9. STATEMENT BY DIRECTORS

The Board of Directors of the Company, having taken into consideration all aspects of the SA, is of the opinion that the SA is in the best interest of the Company and its subsidiaries.

10. APPROVAL REQUIRED

The SA is not subject to the approval of the shareholders of the Company and any relevant governmental authorities.

This announcement is dated 18 August 2020.

Announcement Info

Company Name	ADVANCECON HOLDINGS BERHAD
Stock Name	ADVCON
Date Announced	18 Aug 2020
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