

OTHERS ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR "THE COMPANY") - VARIATION AND EXTENSION OF TIME FOR THE UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING ("IPO")

ADVANCECON HOLDINGS BERHAD

Type	Announcement
Subject	OTHERS
Description	ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR "THE COMPANY") - VARIATION AND EXTENSION OF TIME FOR THE UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING ("IPO")

Reference is made to the Company's announcement announced on 29 August 2018. Unless otherwise stated, the terms stated herein shall have the same meaning as defined in the earlier announcement.

The Board of Directors ("the Board") of Advancecon Holdings Berhad ("Advancecon" or "the Company"), wishes to announce that they have approved the variation of the utilisation of IPO proceeds amounting to RM555,000 and the extension of time for utilisation of IPO proceeds amounting to RM14,090 million from 24 months to 36 months, from 29 August 2018 ("First Variation").

Please refer to the details of the announcement as attached.

This announcement is dated 26 August 2020.

Please refer attachment below.

Attachments

[Advcon_Announcement_variation EOT IPO proceeds.pdf](#)
254.0 kB

Announcement Info

Company Name	ADVANCECON HOLDINGS BERHAD
Stock Name	ADVCON
Date Announced	26 Aug 2020
Category	General Announcement for PLC
Reference Number	GA1-26082020-00146

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

- VARIATION AND EXTENSION OF TIME FOR THE UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING ("IPO")

1. INTRODUCTION

The Company had raised gross proceeds of approximately RM56.70 million from its IPO in conjunction with the listing of and the quotation of its entire share capital on the Main Market of Bursa Malaysia Securities Berhad on 19 June 2017.

As announced on 29 August 2018, the Board of Directors ("the Board") of Advancecon has approved the variation of the utilisation of IPO proceeds amounting to RM555,000 and the extension of time for utilisation of IPO proceeds amounting to RM14,090 million from 24 months to 36 months from 29 August 2018 ("First Variation").

2. DETAILS OF THE PROPOSED VARIATION

2.1 Details of the First Variation

Advancecon and its subsidiaries have utilised approximately RM39.92 million as at the date of this announcement from the total IPO Proceeds of RM56.70 million. The details of the variations and extension of time of the IPO Proceeds are set out below:-

2.1 Details of the First Variation (cont'd)

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.*

2.2 Details of the Second Variation

As at the date of this announcement, the balance of IPO proceeds after the First Revision still remained at RM14.090 million.

After due deliberation, the Board of Advancecon decided to extend the timeframe for the utilisation of IPO proceeds for construction of new workshop for another 18 months to 54 months from the listing date or until 10 January 2022 ("**Second Variation**").

Further details of the Second Variation are illustrated in table below:

Details of utilisation	Allocation of IPO Proceeds upon listing* ¹ RM'000	Variation as per announced 29 August 2018 RM'000	After First Variation RM'000	Actual Utilisation as at 31/12/2019 RM'000	Unutilised IPO Proceeds RM'000	Second Variation RM'000	After Second Variations RM'000	After First Revised timeframe for utilisation (from the listing date)	After Second Revised timeframe for utilisation (from the listing date)
i.Total capital expenditures:-	29,700	(510)	27,050	(12,960)	-			Within 36 months	Within 54 months
(a) Purchase of new construction machinery and equipment	15,100	-	12,960	(12,960)	-			Within 24 months	-
(b) Construction of new workshop	14,600	(510)	14,090	-	14,090			Within 36 months	Within 54 months
ii. Repayment of bank borrowings	12,500	(45)	12,455	(12,455)	-			-	
iii. Working Capital	10,700	555	11,255	(13,395)	-			Within 24 months	-
iv. Estimated listing expenses	3,800	-	3,800	(3,800)	-				-
Total	56,700	-	56,700	(42,610)	14,090				

3. RATIONALE

The Board of Advancecon has decided to extend the timeframe for the utilisation of IPO proceeds for construction of new workshop due to the following reasons:

1. Preparation of site drawings and submission to local authorities were affected by the Movement Control Order (“MCO”) and Conditional Movement Control Order (“CMCO”) imposed by the Government of Malaysia; and
2. As a result the timeframe required for the completion of the new workshop is expected to be extended.

4. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTEREST

None of the Directors and/or major shareholders of Advancecon and/or persons connected with them have any interests, direct or indirect, in the abovementioned variation and extension of time for the utilisation of IPO Proceeds.

5. STATEMENT BY BOARD OF DIRECTORS

The Board of Advancecon is of the opinion that the extension of time for the utilisation of IPO Proceeds will not have any material effect on the financial performance of Advancecon and are in the best interest of the Company and shareholders.

6. APPROVALS REQUIRED

The extension of time for the utilisation of IPO Proceeds are not subject to any regulatory authorities and shareholders’ approval on the basis that the variation is not material given that the extension of time remains consistent with Advancecon’s existing business plans and strategies as disclosed in the IPO Prospectus.

Nevertheless, the Board will continue to disclose the status of the utilisation of IPO Proceeds in its quarterly results and annual report until its fully utilised.

This announcement is dated 26 August 2020.