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ADVANCECON HOLDINGS BERHAD

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED EARLY SETTLEMENT OF THE PROFIT GUARANTEE (AS DEFINED HEREIN)
PURSUANT TO THE CONDITIONAL SHARE SALE AGREEMENT DATED 17 JUNE 2021 IN
RESPECT OF THE ACQUISITION OF 51% EQUITY INTEREST IN SPRING ENERGY RESOURCES
BERHAD BY ADVANCECON HOLDINGS BERHAD ("PROPOSED SETTLEMENT")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



UOB Kay Hian Securities (M) Sdn Bhd

(Registration No. 199001003423 (194990-K))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting of Advancecon ("**EGM**") which is scheduled to be conducted on a fully virtual basis through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via Remote Participation and Electronic Voting ("**RPV**") facilities at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC – D1A282781) on Wednesday, 21 December 2022 at 10:00 a.m., or at any adjournment thereof, together with the Proxy Form are enclosed herein.

A member entitled to attend, participate, speak and vote remotely at the EGM via the Remote Participation and Voting facilities provided is entitled to appoint a proxy or proxies (not more than 2) to attend, participate, speak and vote on his/ her behalf. In such event, the completed and signed Proxy Form should be lodged at the Poll Administrator's office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. Please refer to the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form, not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof. The lodging of the Proxy Form shall not preclude you from attending, participating, speaking and voting at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Monday, 19 December 2022 at 10:00 a.m.

Date and time of the EGM : Wednesday, 21 December 2022 at 10:00 a.m.

This Circular is dated 6 December 2022

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Acquisition"	: The acquisition by Advancecon of 260,100,006 ordinary shares in SERB, representing 51% equity interest from FHHSB for a total purchase consideration of RM30.40 million, satisfied via a combination of cash payment of RM15.22 million and the remaining purchase consideration of RM15.18 million via the issuance and allotment of 33,000,000 Consideration Shares, which was completed on 13 December 2021
"Advancecon" or the "Company"	: Advancecon Holdings Berhad (Registration No. 199701011469 (426965-M))
"Advancecon Group" or the "Group"	: Advancecon and its subsidiaries, collectively
"Advancecon Share(s)" or "Share(s)"	: Ordinary share(s) in Advancecon
"Award Sum"	: A sum equivalent to 100% of the recovered Impaired Amount less all cost and expenses (including tax) incurred or payable by the SERB Group (save for any costs and expenses already paid by FHHSB or already paid by SESB prior to 17 June 2021)
"Board"	: The Board of Directors of Advancecon
"Bursa Securities"	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"Circular"	: This circular dated 6 December 2022 in relation to the Proposed Settlement
"Consideration Share(s)"	: 33,000,000 new Advancecon Shares at an issue price of RM0.46 per Advancecon Share which were allotted and issued to FHHSB to satisfy RM15.18 million of the Purchase Consideration
"Director(s)"	: The director(s) of Advancecon shall have the meaning given in Section 2(1) of the Capital Markets And Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon:- i. a director of the listed issuer, its subsidiary or holding company; or ii. a chief executive of the listed issuer, its subsidiary or holding company
"EGM"	: Extraordinary General Meeting
"EPS/ (LPS)"	: Earnings/ (Loss) per share
"FHHSB" or "Vendor"	: Fook Hua Holdings Sdn Bhd (Registration No. 199601017339 (389690-P))
"FPE"	: Financial period ended/ ending
"FYE"	: Financial year ended/ ending

DEFINITIONS (CONT'D)

"Impaired Amount"	:	The impairment provision of approximately RM67.50 million that was provided for in SERB's audited accounts for the FYE 31 December 2021, in relation to the MEX II Projects
"Land"	:	A vacant freehold industrial land held under title no. Geran 67421, Lot No. 7957, Town of Gurun, District of Kuala Muda, State of Kedah measuring approximately 317,300 square metres
"LPD"	:	23 November 2022, being the latest practicable date prior to the printing and despatch of this Circular
"Maju Settlement Agreement"	:	The settlement agreement dated 3 August 2021 entered into between MHSB and SESB, to settle all disputes in relation to the MEX II Projects
"Maju Settlement Sum"	:	A sum of RM48.00 million to be paid by MHSB to SESB, pursuant to the Maju Settlement Agreement
"MEX II Projects"	:	The civil engineering projects awarded by the main contractor of the projects, namely MHSB to SESB as follows:- - Construction and completion of site clearance, earthworks and geotechnical works (WP200), drainage works and vehicular box culverts (WP300) and reinforced soil wall (WP400) for proposed Lebuhraya Putrajaya to KLIA (MEX II) – commencing from Putrajaya Interchange and terminating at KLIA, valued at RM205.28 million with project duration from October 2016 to March 2018; and - Construction and completion of pavement works (WP700) for proposed Lebuhraya Putrajaya to KLIA (MEX II) – commencing from Putrajaya Interchange and terminating at KLIA, valued at RM69.65 million with project duration from August 2018 to August 2019
"MHSB"	:	Maju Holdings Sdn Bhd (Registration No. 197801003468 (40444-V))
"MT"	:	Metric tonne
"NA"	:	Net assets
"Parties"	:	Collectively, the Company and the Vendor
"PAT/ (LAT)"	:	Profit/ (Loss) after taxation
"PBT/ (LBT)"	:	Profit/ (Loss) before taxation
"Profit Guarantee"	:	Profit guarantee provided by FHHSB to Advancecon under the SSA that the aggregated cumulative profit after tax of SERB Group shall not be less than RM12.00 million for the Profit Guarantee Period
"Profit Guarantee Period"	:	The 24-month financial period of SERB comprising Year 1 and Year 2 and if so extended, includes additional 24-months period ending 31 December 2025
"Proposed Settlement"	:	The proposed early settlement of the Profit Guarantee obligations of FHHSB under the SSA, upon the terms and subject to the conditions of the Supplemental Agreement

DEFINITIONS (CONT'D)

"Purchase Consideration"	:	RM30.40 million, being the purchase consideration for the Acquisition which was satisfied via a combination of RM15.22 million in cash and RM15.18 million via the issuance and allotment of 33,000,000 Consideration Shares
"Remaining Settlement Sum" Maju	:	The remaining sum of RM 17.20 million from the Maju Settlement Sum
"RM" and "sen"	:	Ringgit Malaysia and cent, respectively
"Sale Share(s)"	:	260,100,006 SERB Shares, representing 51% equity interest in SERB
"SERB"	:	Spring Energy Resources Berhad (Registration No. 20140107649 (1093736-V))
"SERB Group"	:	SERB and its subsidiaries
"SERB Share(s)"	:	Ordinary share(s) in SERB
"SESB"	:	Spring Energy Sdn Bhd (Registration No. 199701030845 (446344-H)), a wholly-owned subsidiary of SERB
"SHA"	:	Shareholders' agreement dated 17 June 2021 entered into between Advancecon, FHHSB and SERB
"SSA"	:	Conditional share sale agreement dated 17 June 2021 entered into between Advancecon and the Vendor for the Acquisition
"Supplemental Agreement"	:	The conditional supplement agreement dated 18 October 2022 entered into between the Parties in relation to the Proposed Settlement
"UOBKH" or the "Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
"Year 1"	:	The 12 month financial period of SERB commencing on 1 January 2022 and ending 31 December 2022
"Year 2"	:	The 12 month financial period of SERB commencing on 1 January 2023 and ending 31 December 2023

All references to the "Company" and "Advancecon" in this Circular are to Advancecon and all references to "the Group" are made to the Company and its subsidiaries, collectively. All references to "we", "us", "our" and "ourselves" are to our Company, and where the context requires otherwise, shall include our subsidiary. All references to "you" and "your" in this Circular are to the shareholders of the Company.

Unless otherwise stated and wherever applicable, the amount represented in this Circular has been rounded to the nearest whole cent, for ease of reference. Words incorporating the singular shall, where applicable include the plural and vice versa. Words incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any 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.

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	v
LETTER TO SHAREHOLDERS OF THE COMPANY IN RELATION TO THE PROPOSED SETTLEMENT CONTAINING:-	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED SETTLEMENT	4
3. RATIONALE AND JUSTIFICATION OF THE PROPOSED SETTLEMENT	10
4. RISK FACTORS	11
5. EFFECTS OF THE PROPOSED SETTLEMENT	12
6. APPROVALS REQUIRED AND CONDITIONALITY	12
7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM	13
8. DIRECTORS' STATEMENT AND RECOMMENDATION	13
9. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION	13
10. EGM	13
11. FURTHER INFORMATION	14
APPENDICES	
I. SALIENT TERMS OF THE SUPPLEMENTAL AGREEMENT	15
II. FURTHER INFORMATION	19
NOTICE OF EGM	ENCLOSED
ADMINISTRATIVE GUIDE	ENCLOSED
PROXY FORM	ENCLOSED

EXECUTIVE SUMMARY

All capitalised terms used in this Executive Summary have the same meaning as those provided in the "Definitions" section and in this Circular, except where the context otherwise requires or where otherwise defined in this Executive Summary.

This Executive Summary highlights only the salient information of the Proposed Settlement. Shareholders of the Company are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Settlement before voting at the forthcoming EGM of the Company.

Key information	Description	Reference to this Circular
Summary	The Proposed Settlement will allow FHHSB to early settle its Profit Guarantee obligations under the SSA, upon the terms and subject to the conditions of the Supplemental Agreement. The purpose of this Circular is to seek the approval of the shareholders' of Advancecon for the Proposed Settlement at the EGM to be held on 21 December 2022.	Section 2
Rationale and justification of the Proposed Settlement	The rationale for the Proposed Settlement is as follows:- - the Board anticipates that SERB Group may not be able to achieve the Profit Guarantee within the Profit Guarantee Period, pursuant to the terms and conditions of the SSA. The Proposed Settlement will enable FHHSB to settle its obligations for the Profit Guarantee via the Land and the Remaining Maju Settlement Sum; - Pursuant to the Proposed Settlement, SESB will be able to record a net income of approximately RM15.75 million in its FYE 31 December 2022 financial accounts and therefore this is expected to alleviate SERB Group's loss-making position for the financial year ending 2022, as the said income will be consolidated at SERB Group's level; and - Pursuant to the Proposed Settlement, SESB shall be entitled to receive the proceeds from the Land Disposal as well as the Remaining Maju Settlement Sum, which in turn is expected to improve the cash flow position of the Group and thereby allowing the Group to utilise such proceeds to finance its working capital requirements as opposed to using conventional bank borrowings.	Section 3
Risk Factors	The Proposed Settlement is subject to the fulfilment of the conditions precedents in the Supplemental Agreement. If any of the conditions precedents are not fulfilled within the stipulated time frame, the Supplemental Agreement may be terminated and as a result, the Company may not be able to effect the Proposed Settlement and subsequently may not be able to early settle the Profit Guarantee.	Section 4
Approvals required and conditionality	The Proposed Settlement is subject to the following approvals being obtained:- - the shareholders of the Company at the forthcoming EGM to be convened; and - any other relevant authority and/ or party, if required. The Proposed Settlement is not conditional upon any other proposals undertaken or to be undertaken by the Company.	Section 6

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to this Circular
Interests of directors, major shareholders and/ or persons connected to them	None of the Directors, major shareholders of Advancecon and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Settlement.	Section 7
Directors' statement and recommendation	The Board, after having considered all aspects of the Proposed Settlement, including the rationale and justification for the Proposed Settlement, salient terms of the Supplemental Agreement and the effects of the Proposed Settlement, is of the opinion that the Proposed Settlement is in the best interest of the Company and the terms and conditions of the Supplemental Agreement are fair and reasonable. Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Settlement to be tabled at the Company's forthcoming EGM.	Section 8
Estimated timeframe for completion and tentative timetable for implementation	Barring any unforeseen circumstances, the Proposed Settlement is expected to be completed by the fourth quarter of 2022.	Section 9

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ADVANCECON HOLDINGS BERHAD

(Registration No. 199701011469 (426965-M))

(Incorporated in Malaysia)

Registered Office

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam, Selangor
Malaysia

6 December 2022

Board of Directors

Yeoh Chong Keat (*Independent Non-Executive Chairman*)
Dato' Phum Ang Kia (*Executive Director/ Group Chief Executive Officer*)
Ir. Yeo An Thai (*Executive Director/ Group Chief Operating Officer*)
Tung Kai Hung (*Executive Director*)
Mohd Zaky Bin Othman (*Independent Non-Executive Director*)

To: Shareholders of the Company

Dear Sir/ Madam,

PROPOSED SETTLEMENT

1. INTRODUCTION

On 17 June 2021, UOBKH had on behalf of the Board, announced that Advancecon had on even date entered into the following agreements:-

- i. the SSA with the Vendor for the sale and purchase of 260,100,006 ordinary shares in SERB, representing 51% equity interest, for a total purchase consideration of RM30.40 million to be satisfied via a combination of cash payment of RM15.22 million and the remaining purchase consideration of RM15.18 million via the issuance and allotment of 33,000,000 new ordinary shares of Advancecon at the issue price of RM0.46 per Consideration Share; and
- ii. the SHA with FHHSB and SERB to regulate the relationship of the shareholders and govern the management and operation of SERB between the shareholders of SERB upon completion of the Acquisition.

Pursuant to the SSA, the Vendor had agreed, undertaken and guaranteed to Advancecon the Profit Guarantee.

On 26 October 2021, the shareholders of the Company had approved the ordinary resolution for the Acquisition at an EGM held. The Acquisition was subsequently completed on 13 December 2021.

For shareholders' information, SERB is principally engaged in the investment holding and through its subsidiaries, SERB Group is involved in contract quarry operation, marketing and selling of quarry products as well as quarry management. SERB Group commenced operations in 1997 pursuant to the incorporation of SESB in September 1997. SESB was established as a quarry operator specialising in rock crushing operation. At the point of the Acquisition, the Board opined that the Acquisition would allow Advancecon Group to enjoy synergistic benefits within the enlarged Group through the utilisation of quarry products sourced internally from SERB Group for the Group's earthworks and road-based infrastructure construction activities, thereby improving its cost control and thus profit margins for its earthworks and civil engineering services.

As set out in Appendix IV of the circular to the shareholders of Advancecon dated 11 October 2021 ("Acquisition Circular"), the Company had outlined several preliminary strategies to improve SERB Group's earnings and overall operating structure to return SERB Group to profitability, further details as set out below:-

i. To increase the revenue of SERB Group by cross selling SERB Group's quarry products to Advancecon Group's subcontractors who work at the project sites

The Acquisition would allow SERB Group to get immediate exposure to Advancecon Group's subcontractors who work at the project sites located close to the vicinity of SERB's quarry operations. Accordingly, the enlarged Advancecon Group after the Acquisition will be able to directly supply SERB Group's quarry products to Advancecon Group's subcontractors who work at the project sites located in the central region of Peninsular Malaysia, which is expected to reduce the risk of delay in delivery of materials and Advancecon Group will have better control over the supply of quarry products instead of relying on third party suppliers whom Advancecon Group may not be familiar with the quality of products/ materials provided by them.

In 2022, Advancecon Infra Sdn Bhd, a wholly-owned subsidiary of Advancecon had managed to supply SERB's quarry products to 2 of its subcontractors whom contributed approximately RM0.16 million to SERB Group's latest unaudited revenue for the 10-month FPE 31 October 2022. The Group will continue its efforts to cross sell SERB Group's quarry products to Advancecon Group's subcontractors who work at the project sites located close to the vicinity of SERB's quarry operations.

ii. To increase the revenue of SERB Group by undertaking initiatives to re-engage inactive customers of SERB Group

As a result of the expansion of SERB Group's business activities over the years from being a provider of integrated quarry operation management and services as well as production and sales of aggregates and premix products, into civil engineering services in 2001 and bauxite mining in 2014, SERB Group had diverted its focus from its quarry operations and therefore certain customers of SERB Group had become inactive. During the Acquisition, the Board had intended to undertake initiatives to re-engage inactive customers and drive additional revenue to SERB to increase SERB Group's sale of quarry products in the long-term. On top of re-engaging the inactive customers, the Board had also intended to undertake extensive survey within the vicinity of SERB Group's quarry sites as part of its efforts to acquire new customers.

In 2022, SERB Group had managed to re-engage 2 inactive customers (i.e. customers that contributed to SERB Group's revenue in 2020 but inactive in 2021) and secured 15 new customers, in which the previously inactive customers and new customers have contributed approximately RM0.14 million and approximately RM0.97 million, respectively to SERB Group's revenue for the latest unaudited 10-month FPE 31 October 2022. The Group will continue with its strategy to re-engage inactive customers to potentially drive additional revenue to SERB Group.

iii. To integrate the civil engineering activities of SERB Group into Advancecon thereby allowing SERB Group to focus on its core expertise of providing integrated quarry operation management and services

During the Acquisition, the Board had intended to integrate the civil engineering project activities of SERB Group into Advancecon Group in view that Advancecon Group's core expertise has always been in the provision of earthworks and civil engineering services. Synergistic benefits within the enlarged Advancecon Group can also be derived in terms of sharing of management expertise, information and knowledge, and potentially lower operational or finance cost given its diverse pool of human resources with each equipped with their own industry knowledge and experience. The Acquisition would allow Advancecon Group to gain immediate access to the fleet of machineries of SERB Group that are readily available for operational use, which may have been left idle as a result of the reduction in the construction activities undertaken by SERB Group's civil engineering segment, which will allow the enlarged Advancecon Group to achieve better coordination of machineries and allocation of resources.

As at the LPD, the synergistic benefits achieved from the integration of the civil engineering activities of SERB Group into Advancecon has been indirectly translated into a gradual improvement in the civil engineering sector performance for SERB Group, as SERB Group recorded revenue of RM12.29 million for the latest unaudited 10-month FPE 31 October 2022, which translates into an annualised revenue of RM14.75 million for the financial year ending 31 December 2022. The annualised revenue of RM14.75 million for SERB Group's civil engineering sector represents an increase of RM1.48 million or 11.15% as compared to the revenue of RM13.27 million for SERB Group's civil engineering sector in the FYE 31 December 2021. The Board will continue to integrate the civil engineering business of SERB into Advancecon Group by sharing industry knowledge and expertise of the personnel from Advancecon Group within the SERB Group.

iv. To undertake possible cost reduction for SERB Group

With the combined operations of Advancecon Group and SERB Group pursuant to the Acquisition, Advancecon Group and SERB Group would be able to streamline the back office operations of the enlarged Advancecon Group through the sharing of resources within the enlarged Advancecon Group to obtain economies of scale, thereby achieving greater cost savings.

As at the LPD, Advancecon Group had taken several cost reduction measures which included amongst others, reviewing its internal cost structure to eliminate overlapping expenses such as directors' salaries. This had resulted in the reduction of directors' salaries in proportion to total administrative expenses from 34.76% in the first individual quarter (i.e. quarter ending 31 March 2022) to 22.71% in the third individual quarter (i.e. quarter ending 30 September 2022) for SERB Group. The Board had also relocated resources within the enlarged Advancecon Group to cater for each of the Group's project's needs over the course of each project's duration. The Board will continue to undertake cost reduction initiatives from time to time in order to achieve greater cost savings in the long-run.

Notwithstanding that the Group had started implementing the above measures, Advancecon had still not managed to turnaround the financial position of SERB Group within the initial timeframe that was anticipated by the Board (i.e. one year from the point of the Acquisition), primarily due to the weak construction and property market sentiment (as elaborated in **Section 2** of this Circular) which had caused significant reduction in demand for SERB Group's products from its existing customers. Nevertheless, the Board remains cautiously optimistic of SERB Group's prospects and will continue to work closely with the management of SERB to continue with its ongoing strategies as outlined above to turnaround SERB Group's loss making position in the long-run.

Subsequent to the Acquisition, the financial performance of SERB Group had deteriorated due to the force majeure event (as elaborated herein) and the challenging situation faced by the construction and property market. Based on the latest unaudited financial statements of SERB for the 10-month FPE 31 October 2022, SERB had incurred losses attributable to the owners of the company of approximately RM15.42 million. In view of SERB's loss making position, the Board is of the opinion that SERB may not be able to achieve the Profit Guarantee within the Profit Guarantee Period. Pursuant thereto, the Board had in mid July 2022 decided to renegotiate the terms and conditions of the Profit Guarantee with FHHSB to early settle the Profit Guarantee by way of the transfer of the Land and the Remaining Maju Settlement Sum to the Company, ahead of time of the expiry of the Profit Guarantee Period (i.e. at the end of FYE 31 December 2024), to reduce any risks of uncertainty in FHHSB being able to achieve the Profit Guarantee before the expiry of Profit Guarantee Period and any risk in non-recovery of the shortfall in the Profit Guarantee from FHHSB.

Despite the above, the Board had not considered disposing its 51% stake in SERB to FHHSB for the following reasons:-

- i. FHHSB had indicated to the Board that it does not have the sufficient financial resources to re-acquire Advancecon's 51% equity interest in SERB; and

- ii. the Board intends to continue to hold its interest in SERB as they believe that the current financial condition of SERB is only temporary and SERB would still be able to turnaround its loss making position in long term, through continuation of the strategies as highlighted above and proactive management by the Board, further details of which are set out in **Section 3** of this Circular.

In this regard, on behalf of the Board, UOBKH wishes to announce that the Company had on 18 October 2022 entered into the Supplemental Agreement with FHHSB for the Proposed Settlement, further details as set out in **Section 2** of this Circular.

The Supplemental Agreement is to facilitate the early settlement of the Profit Guarantee obligations of FHHSB under the SSA, upon terms and conditions contained in the SSA. Further details of the Proposed Settlement are set out in the ensuing sections of this Circular.

The salient terms of the Supplemental Agreement are set out in **Appendix I** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED SETTLEMENT AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED SETTLEMENT TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SETTLEMENT TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SETTLEMENT

The terms and conditions of the Profit Guarantee as set out in the SSA were determined based on business-as-usual assumptions at the point of the Acquisition, and the achievability of the Profit Guarantee by SERB for the Profit Guarantee Period was deemed reasonable by the Board during the time of the Acquisition based on the assumptions as set out in Section 2.2 of the Acquisition Circular. However, in 2022, SERB Group's financial results have deteriorated due to the following factors:-

- i. severe flood that halted SERB Group's quarry production in 2 quarries located in Tanjung Dua Belas (i.e. Tanjung Dua Belas 1 and Tanjung Dua Belas 2 quarries) from early January 2022 onwards; and
- ii. the slower than anticipated recovery for SERB Group in the construction and property industries, particularly due to lower demand from SERB Group's customers for its quarry products, which is in line with the lower construction activities in the civil engineering subsector in Malaysia.

For information purpose, operations for the Tanjung Dua Belas 2 quarry had resumed in March 2022 whereas operations for the Tanjung Dua Belas 1 quarry had been halted since the flood. Given the soft construction and property market as elaborated above and the close proximity of the two quarries which are both located in Tanjung Dua Belas, the Board opines that the quarry operations in Tanjung Dua Belas 2 is adequate to meet the current demand of the Group's quarry products within the said vicinity. Therefore, the Board had decided not to resume operations for the Tanjung Dua Belas 1 quarry, subsequent to its lease having expired in May 2022. The Group had also incurred additional operational costs of approximately RM3.25 million in the first quarter of 2022 to recover the damages in these quarry sites that were caused by the severe flood.

After taking into consideration the abovementioned unforeseen events, the Board is of the view that SERB may not be able to achieve the Profit Guarantee within the Profit Guarantee Period. Accordingly, the Board had undertaken the initiative to renegotiate certain terms and conditions of the SSA with FHHSB to address the possible shortfall in the Profit Guarantee.

For illustration purposes, based on the latest unaudited financial statements of SERB for the 10-month FPE 31 October 2022, the estimated shortfall of the Profit Guarantee as at 31 October 2022 is approximately RM20.42 million, calculated as follows:-

		RM
Profit Guarantee for the Profit Guarantee Period (i.e. 24 months)		12,000,000
Pro-rated Profit Guarantee from 1 January 2022 to 31 October 2022 (i.e. 10 months)		5,000,000
Add: SERB's accumulated losses attributable to the owners of the company for the 10-month FPE 31 October 2022		15,423,336 ^{*1}
Estimated shortfall as at 31 October 2022	(a)	<u>20,423,336</u>
Estimated shortfall as at 31 October 2022 attributable to Advancecon	51% x (a)	10,415,901

Note:-

^{*1} For information purpose, SERB Group's accumulated losses attributable to the owners of the company for the 10-month FPE 31 October 2022 of RM15.42 million includes a gain from reversal of impairment of RM5.00 million, being a portion of the Remaining Maju Settlement received by SESB, in which FHHSB is entitled to receive pursuant to the SSA and SHA.

As such, the Board had taken a prudent approach in addressing the possibility of SERB not being able to achieve the Profit Guarantee within the Profit Guarantee Period by entering into the Supplemental Agreement with FHHSB. Pursuant to the Supplemental Agreement, the Profit Guarantee will be early settled via the transfer of the Land and the Remaining Maju Settlement Sum by FHHSB to Advancecon, prior to the expiry of the Profit Guarantee Period.

In addition to the factors explained above, SERB's financial performance had also been negatively affected by the lower sales of its quarry and premix products during the FPE 31 October 2022. In view of the deterioration in SERB Group's financial results, the Board had taken pro-active measures to undertake the Proposed Settlement for the early and amicable settlement of the Profit Guarantee with FHHSB.

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The details of the production output of SERB Group's quarry and premix products for its 6 on-going commercial quarry operations between January 2022 and October 2022 are set out as follows:-

No	Quarry Site	Location	Total land area (million sq ft)	Operations period	Total length of contracts with lessor* ¹	Average monthly lease payable from January 2022 to October 2022 RM	Maximum monthly capacity (million MT)	Estimated monthly output (million MT)	Actual average monthly output from January 2022 to October 2022 (million MT)
i.	Seremban	Geran 17965 Lot 424, Geran 63451 Lot 841, Geran 64928 Lot 842, Geran 64927 Lot 843, Geran 64989 Lot 844, Mukim Seremban, Negeri Sembilan	4.71	2003-2033	30 years	56,470	0.06	0.04	0.03
ii.	Semenyih	HS(D)42828 PT9316 and HS(D)42829 PT 9317, Mukim Semenyih, Daerah Ulu Langat, Selangor Darul Ehsan	3.49	2019-2022* ²	3 years	135,815	0.15	0.11	0.05
iii.	Sungai Buloh	Kompatmen 9, Hutan Simpan Bukit Lagong, Mukim Rawang, Daerah Hulu Selangor, Selangor	3.66	2008-2023	15 years	161,056	0.16	0.14	0.09
iv.	Tanjung Dua Belas 1	PN 11513, Lot 6269, Mukim, Tanjung Duabelas, Kuala Langat, Selangor	8.76	2011-2022* ²	11 years	5,610	0.10	0.08	-
v.	Tanjung Dua Belas 2	Lot 12287, Mukim Tanjung Duabelas, Kuala Langat, Selangor	19.50	2019-2023	4 years	58,320	0.18	0.16	0.04
vi.	Kuantan	Bukit Penggorak Mukim Sg. Karang, Kuantan, Pahang Darul Makmur	3.68	2016-2036	20 years	-	0.06	0.03	0.04

Notes:-

*¹ The operations period may be extended or renewed upon expiry subject to the terms and conditions stipulated with the employer/ contract party.

*² The leases for the Semenyih and Tanjung Dua Belas 1 quarries have expired in February 2022 and May 2022, respectively, without further renewal with the lessors.

Based on the table above, the actual average monthly output for all quarry operations (save for the Kuantan site) from January 2022 to October 2022 had fallen below the estimated monthly output for each quarry site due to the following reasons:-

No	Quarry Site	Reason for the lower than estimated monthly output
i.	Seremban and Sungai Buloh	Due to the weak construction and property market sentiment which resulted in lower demand for construction-related materials from SERB's existing customers, SERB Group had decided to take a prudent approach to lower its monthly production capacity during the year for these quarry sites to avoid incurring redundant production costs and having obsolete inventories (i.e. quarry and premix products).
ii.	Tanjung Dua Belas 1	Due to the expiry of the lease in May 2022. The Board had decided not to continue operations or renew the lease for the Tanjuang Dua Belas 1 quarry as they are of the view that the quarry operations for the Tanjung Dua Belas 2 quarry is adequate to cater for its existing customers' demand within the Tanjung Dua Belas vicinity.
	Tanjung Dua Belas 2	Due to the severe flood that halted the production for this quarry site from January 2022 onwards. The operations in this quarry had resumed in March 2022, with lower output during the recovery period up to October 2022.
iii.	Semenyih	Due to the expiry of the lease in February 2022. The Board does not intend to continue operations or renew the lease for the Semenyih quarry due to the consistently low gross profit ("GP") margin recorded from this quarry. For information purpose, based on SERB Group's latest unaudited 10-month FPE 31 October 2022, the Semenyih quarry recorded a GP margin of 4.54%, as compared to the average GP margin recorded for the other quarries (i.e. quarries in Seremban, Sungai Buloh and Kuantan) of 23.41%. The quarry in Tanjung Dua Belas 2 recorded a gross loss margin of 79.87% due to the flood which had caused damages to the quarry site during the first quarter of 2022.

Arrangement for the Proposed Settlement

As stated in Section 2.1 of the Acquisition Circular, SERB Group had provided the Impaired Amount of approximately RM67.50 million for the FYE 31 December 2020 in relation to the provision of construction works undertaken by SESB, a wholly owned subsidiary of SERB, for the MEX II Projects.

On 3 August 2021, SESB had entered into the Maju Settlement Agreement, with the contract awarder of the MEX II Projects, namely MHSB to resolve their disputes whereby MHSB shall pay SESB the Maju Settlement Sum within 6 months from the date of the Maju Settlement Agreement of which:-

- i. RM30.80 million of the Maju Settlement Sum has been settled through the transfer of the Land to SESB on 20 March 2022; and
- ii. RM17.20 million of the Remaining Maju Settlement Sum shall be recoverable against MHSB through all legal means available including but not limited to specific performance and/ or winding up of MHSB to recover the balance thereof. As at the date of this Circular, MHSB had paid to SESB a total of RM8.00 million, of which RM5.00 million was paid vide a banker's cheque on 2 August 2022 and RM3.00 million was paid vide a post-dated cheque on 30 November 2022 (in which the post-dated cheque was cleared on 2 December 2022). MHSB had also delivered to SESB two post-dated cheques for the remaining amount from the Remaining Maju Settlement Sum of RM9.20 million (i.e. RM17.20 million minus RM8.00 million) by way of 2 instalments as follows:-
 - a. cheque dated 30 December 2022 for the sum of RM4.60 million; and
 - b. cheque dated 31 January 2023 for the sum of RM4.60 million.

Based on the Maju Settlement Agreement, in the event of any breach of the terms and conditions stated therein by MHSB, SESB shall be at liberty to proceed with all legal means available including but not limited to specific performance and/ or winding up of MHSB. As MHSB had already exceeded the deadline to repay the Maju Settlement Sum to SESB (i.e. by 2 February 2022), SESB had in March 2022 commenced winding up proceedings against MHSB, of which the next court hearing will be held on 13 January 2023.

Pursuant to the SSA and SHA, Advancecon had agreed that in the event that SESB is successful to recover any of the Impaired Amount, FHHSB will receive from SESB the Award Sum, in consideration for FHHSB's successful management of all disputes involving SERB Group in relation to the works undertaken by SERB Group for the MEX II Projects.

Premised on the aforesaid, FHHSB shall pursuant to the SSA and the SHA be entitled to the said Land and proceeds from the dealing thereof together with the RM17.20 million Remaining Maju Settlement Sum that may be recovered pursuant to the Maju Settlement Agreement.

Based on the Supplemental Agreement, the Maju Settlement Sum of RM48.00 million will be retained by SESB as consideration for the early settlement of the Profit Guarantee by FHHSB, instead of being paid to FHHSB pursuant to the SSA and SHA. Accordingly, the mode of early settlement of the Profit Guarantee is set out as follows:-

- i. the Land shall be retained by SESB with all legal and beneficial interest in tact in favour of SESB at the force sale value under the Maju Settlement Agreement of RM30.80 million and shall only be dealt with by SESB (including proceeds therefrom) in accordance with the prior mutual written agreement between Advancecon and FHHSB;
- ii. SESB shall be entitled to all the Remaining Maju Settlement Sum from MHSB and all Remaining Maju Settlement Sum so received shall only be dealt with by SESB in accordance with the prior mutual written agreement between Advancecon and FHHSB. For this purpose, FHHSB shall cause the Remaining Maju Settlement Sum to be paid to SESB directly; and
- iii. In the event there are amounts remaining under the Remaining Maju Settlement Sum to be received from MHSB after MHSB has been liquidated and dissolved ("**Unsettled Remaining Settlement Sum**"), FHHSB shall settle the Unsettled Remaining Settlement Sum immediately to SESB and in any event within fourteen (14) days from receipt of a written notice from Advancecon to do the same.

Pursuant to the above and subject to the fulfilment of the conditions precedent contained in the Supplemental Agreement, all rights of FHHSB in and to the Land (including proceeds therefrom) and the Remaining Maju Settlement Sum under the SSA and SHA (together with any Award Sum as described therein) shall cease immediately in favour of SESB as at the date of the Supplemental Agreement.

For shareholders' information and as highlighted in the Company's announcement to Bursa Securities dated 25 October 2022, SESB had on even date entered into a sale and purchase agreement with Thong Guan Industries Berhad for the disposal of the Land for a total cash consideration of RM34.00 million ("**Disposal Consideration**") ("**Land Disposal**"). The Disposal Consideration of RM34.00 million was arrived at based on a "willing-buyer willing-seller" basis after arm's length negotiation and taking into consideration the net book value of the Land of RM30.80 million (based on the latest unaudited financial statements of SESB for the 10-month FPE 31 October 2022) and market sentiment of property sector. Pursuant to the Land Disposal, SESB is expected to recognise an estimated loss from the Land Disposal of approximately RM1.45 million, calculated based on the following:-

	RM
Disposal Consideration	34,000,000
Less:-	-
Net book value of the Land (based on the latest unaudited financial statements of SESB for the 10-month FPE 31 October 2022) ^{*1}	(30,800,000)
Cost capitalised for the transfer of Land by MHSB to SESB which includes legal fees, stamp duty, quit rent and assessment (based on the latest unaudited financial statements of SESB for the 10-month FPE 31 October 2022) ^{*2}	(1,642,393)
Estimated cost incurred for the Land Disposal which includes legal fees of RM0.11 million relating to the signing of the sale and purchase agreement for the Land and professional fees of RM2.90 million relating to property agent fee for the sale of the Land	(3,012,050)
Estimated loss from the Land Disposal	<u>(1,454,443)</u>

Notes:-

^{*1} The net book value of the Land of RM30.80 million was recorded in SESB's accounts based on the force sale value as appraised by an independent registered valuer in its valuation report dated 9 June 2019.

^{*2} Out of the total cost incurred for the transfer of the Land from MHSB to SESB of RM1.64 million, Advancecon and FHHSB have mutually agreed that FHHSB shall reimburse the cost of quit rent and assessment of approximately RM0.25 million to SESB, while the remaining costs (i.e. legal fees and stamp duty of approximately RM1.39 million which are direct costs incurred for the transfer of the Land) shall be borne by the beneficial owner of the Land (i.e. SESB), in which the Board deem is fair and reasonable.

As at the LPD, the Land Disposal is pending completion.

Notwithstanding that SESB would incur a loss of RM1.45 million from the Land Disposal, the Board is of the view that the proceeds arising from the Land Disposal (i.e. RM34.00 million) will be able to alleviate SERB's current cash flow position to finance its working capital requirements as opposed to using conventional bank borrowing.

As stated in Section 2.9 of the Acquisition Circular, both Advancecon and FHHSB had agreed that they shall collectively advance to SERB as shareholders' advance the total sum of up to RM20.00 million proportionately to their shareholding in SERB ("**Shareholders' Advance**") as follows:-

Company	Shareholders' Advance RM	%
Advancecon	10,200,000	50.1
FHHSB	9,800,000	49.9
Total	<u>20,000,000</u>	<u>100.0</u>

As at the LPD, SERB had fully utilised the Shareholders' Advance to repay its trade payables owing to suppliers and bank borrowings. Pursuant to the SHA, the Shareholders' Advance shall not be repayable by SERB to the Vendor so long as the Profit Guarantee obligations of the Vendor under the SSA have not been met and repayment is allowed only if SERB Group have sufficient cash flow to meet their operational expenses for the following four months should such repayment be made. Notwithstanding the early settlement of FHHSB's Profit Guarantee obligations pursuant to the Supplemental Agreement, it is the intention of both Advancecon and the Vendor that the Shareholders' Advance shall only be settled as and when SERB has sufficient cash flow to repay the Shareholders' Advance after taking into consideration the financial condition of SERB at that point in time, and in accordance with the terms of the SHA.

Please refer to **Appendix I** of this Circular for further details of the Proposed Settlement.

3. RATIONALE AND JUSTIFICATION OF THE PROPOSED SETTLEMENT

As set out in **Section 2** of this Circular, the Proposed Settlement is undertaken for the amicable early settlement of FHHSB's profit guarantee and related obligations of the Profit Guarantee contained in the SSA.

The terms and conditions of the Profit Guarantee pursuant to the SSA were determined based on business-as-usual assumptions at the point of the Acquisition. In the first half of 2022, SERB Group faced unforeseeable challenges due to severe flood that halted SERB Group's quarry production in 2 quarries located in Tanjung Dua Belas from early January 2022 onwards. The Group had incurred additional operational costs of approximately RM3.25 million in the first quarter of 2022 to recover the quarry sites conditions from catastrophic water damages that were caused by the severe flood. In addition, market demand for SERB Group's quarry and premix products had decreased in the first half of 2022 given the soft property market and construction industry, which had led to the average monthly actual output for SERB Group's quarry operations from January 2022 to June 2022 to fall below the estimated monthly output for each quarry operations site (save for the Kuantan site). Based on the latest unaudited financial statements of SERB Group for the 10-month FPE 31 October 2022, SERB Group has incurred losses attributable to the owners of the company of approximately RM15.42 million.

Given the above, the Board anticipates that SERB Group may not be able to achieve the Profit Guarantee within the Profit Guarantee Period, pursuant to the terms and conditions of the SSA. The Proposed Settlement will enable FHHSB to early settle its obligations for the Profit Guarantee as:-

- i. the Land with ascribed force sale value under the Maju Settlement Agreement of RM30.80 million shall be retained by SESB; and
- ii. SESB shall be entitled to retain any Remaining Maju Settlement Sum recovered from MHSB and recover any Unsettled Remaining Settlement Sum from FHHSB.

Pursuant to the Proposed Settlement, SESB will be able to record a net income of approximately RM15.75 million in its FYE 31 December 2022 financial accounts, being the income from the reversal of impairment (being the Remaining Maju Settlement Sum of up to RM17.20 million) from the Impaired Amount, partially offset by the estimated loss from the Land Disposal (as highlighted in **Section 2** of this Circular) of approximately RM1.45 million.

Accordingly, this is expected to alleviate SERB Group's loss-making position for the financial year ending 2022, as the said income will be consolidated at SERB Group's level.

Pursuant to the Proposed Settlement, SESB shall be entitled to receive the proceeds from the Land Disposal as well as the Remaining Maju Settlement Sum, which in turn is expected to improve the cash flow position of the Group and thereby allowing the Group to utilise such proceeds to finance its working capital requirements as opposed to using conventional bank borrowings.

For clarification purposes, the Board is of the view that the Proposed Settlement serves as the most viable option at this point in time to early settle the Profit Guarantee, after taking into consideration the accumulated losses of SERB Group as at 31 October 2022 and the uncertainty risk of SERB Group in achieving the Profit Guarantee within the remaining Profit Guarantee Period. Notwithstanding the above, the Board remains cautiously optimistic of the long term prospects associated with the quarry operations of SERB Group as it allows Advancecon Group to enjoy synergistic benefits within the enlarged Group through the utilisation of the quarry products sourced internally from SERB Group for Advancecon Group's earthworks and road-based infrastructure construction activities. On top of internal usage, the enlarged Advancecon Group will also be able to cross sell SERB Group's quarry products to Advancecon Group's subcontractors who work at the project sites, thereby indirectly improving the revenue and possibly the earnings of SERB Group. In view of the foregoing, the Board intends to work closely with the management of SERB to continue with its ongoing strategies as outlined above to turnaround SERB Group's loss making position in the long-run, as the Board foresees that the expected gradual recovery of the construction sector will improve SERB Group's quarry operations.

4. RISK FACTORS

4.1 Completion risk

The Proposed Settlement is conditional upon the fulfilment of the conditions precedent in the Supplemental Agreement. If any of the conditions precedents are not fulfilled within the stipulated time frame, the Supplemental Agreement may be terminated and as a result, the Company may not be able to effect the Proposed Settlement and subsequently may not be able to early settle the Profit Guarantee. Nevertheless, the Board endeavours to ensure the satisfaction of these conditions precedent in order to effect the Proposed Settlement and subsequently early settle the Profit Guarantee in a timely manner.

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5. EFFECTS OF THE PROPOSED SETTLEMENT

5.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Settlement will not have any effect on the issued share capital and substantial shareholders' shareholdings as it does not involve any issuance of new ordinary shares of Advancecon.

5.2 NA per Share and gearing level

Barring any unforeseen circumstances, the Proposed Settlement is not expected to have any immediate material effect on the NA and gearing level of Advancecon Group for the FYE 31 December 2022.

5.3 Earnings and EPS

Purely for illustration purpose, assuming the Proposed Settlement had been completed on 1 January 2021, being the beginning of the latest audited FYE 31 December 2021 of Advancecon, the pro forma effects of the Proposed Settlement on the earnings of Advancecon Group are illustrated as follows:-

	Audited FYE 31 December 2021 RM	After the Proposed Settlement RM
PAT (attributable to shareholders)	2,049,957	2,049,957
LAT of SERB Group for the FYE 31 December 2021	-	(4,282,679) ^{*1}
Add: Reversal of impairment from the Impaired Amount	-	8,772,000 ^{*2}
Add: Estimated loss from the Land Disposal ^{*3}	-	(741,766)
Less: Estimated expenses for the Proposed Settlement	-	(100,000) ^{*4}
Total PAT	2,049,957	5,697,512
Number of Shares in issue (excluding treasury shares)	483,374,700	483,374,700
EPS (sen)	0.42	1.18

Notes:-

^{*1} Computed based on 51% (being Advancecon's equity interest in SERB) of the audited LAT of SERB Group for the FYE 31 December 2021 of RM8.40 million.

^{*2} Computed based on 51% (being Advancecon's equity interest in SERB) of the reversal of the Remaining Maju Settlement Sum of RM17.20 million from the Impaired Amount, pursuant to the Proposed Settlement.

^{*3} Computed based on 51% (being Advancecon's equity interest in SERB) of the estimated loss from the Land Disposal of RM1.45 million, pursuant to the Proposed Settlement.

^{*4} After deducting the estimated expenses of RM0.10 million for the Proposed Settlement.

5.4 Convertible securities

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

6. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Settlement is subject to the following approvals being obtained:-

- i. the shareholders of the Company at the forthcoming EGM to be convened; and
- ii. any other relevant authority and/ or party, if required.

The Proposed Settlement is not conditional upon any other proposals undertaken or to be undertaken by the Company.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders of the Company and/ or persons connected with them have any interest, direct or indirect, in the Proposed Settlement.

8. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposed Settlement, including the rationale and justification for the Proposed Settlement, salient terms of the Supplemental Agreement and the effects of the Proposed Settlement, is of the opinion that the Proposed Settlement is in the best interest of the Company and the terms and conditions of the Supplemental Agreement are fair and reasonable.

Accordingly, the Board recommends that you **vote in favour** of the ordinary resolution pertaining to the Proposed Settlement to be tabled at the Company's forthcoming EGM.

9. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances, the Proposed Settlement is expected to be completed by the fourth quarter of 2022.

The tentative timetable for the implementation of the Proposed Settlement is set out below:-

Timeline	Events
21 December 2022	• Convening of the EGM of the Company • Completion of the Proposed Settlement

10. EGM

The EGM, the notice of which is enclosed in this Circular, will be conducted on a fully virtual basis through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via Remote Participation and Electronic Voting ("**RPV**") facilities at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC – D1A282781) on Wednesday, 21 December 2022 at 10:00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Settlement.

If you are unable to attend, participate, speak and vote remotely at the EGM via the Remote Participation and Voting facilities provided, you are entitled to appoint a proxy or proxies (not more than 2) to attend, participate, speak and vote on your behalf. As such, you are requested to complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein, to be deposited at Poll Administrator's office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar

South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of an appointment of a proxy made in electronic form, the Proxy Form can be electronically lodged via Tricor's TIIH Online website at <https://tiah.online>. Please refer to the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form, not less than 48 hours before the time appointed for holding the EGM. The lodging of the Proxy Form shall not preclude you from attending, participating, speaking and voting at the EGM should you subsequently wish to do so.

11. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

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

Dato' Phum Ang Kia
Executive Director and Group Chief Executive Officer

1. Full and Final Settlement of the Profit Guarantee

Subject to the fulfilment of **section 5 of Appendix I** (Conditions Precedent), FHHSB and Advancecon (together "**the Parties**") agree to amicably settle the Profit Guarantee and other obligations of FHHSB under clause 6 the SSA as follows:

- 1.1 The Land shall be retained by SESB with all legal and beneficial interest in tact in favour of SESB at the force sale value under the Maju Settlement Agreement of RM30,800,000 only and shall only be dealt with by SESB (including proceeds therefrom) in accordance with the prior mutual written agreement between Advancecon and FHHSB.
- 1.2 SESB shall be entitled to all the Remaining Maju Settlement Sum from MHSB and all Remaining Settlement Sum so received shall only be dealt with by SESB in accordance with the the prior mutual written agreement between Advancecon and FHHSB. For this purpose, FHHSB shall cause the Remaining Maju Settlement Sum to be paid to SESB directly.
- 1.3 In the event there are amounts remaining under the Remaining Maju Settlement Sum to be received from MHSB after MHSB has been liquidated and dissolved ("**Unsettled Remaining Settlement Sum**"), FHHSB shall settle the Unsettled Remaining Settlement Sum immediately to SESB and in any event within fourteen (14) days from receipt of a written notice from Advancecon to do the same in the following manner:
 - (i) that the Unsettled Remaining Settlement Sum shall be settled by FHHSB assigning in favour of SESB the right to receive the repayment of outstanding advances that are due from SERB to FHHSB equivalent to Unsettled Remaining Settlement Sum within the aforesaid fourteen (14) days period;
 - (ii) that pending the receipt of the full Remaining Settlement Sum and as security for the fulfilment of **section 1.3(i) of Appendix I** above, FHHSB shall ensure that the total principal amount of advances made by FHHSB to SERB that remains outstanding shall at all times be no less than the Remaining Settlement Sum that has yet to be received by SESB and FHHSB shall not demand any repayment of the same (including any interest thereon, if any) pending SESB's receipt of the Remaining Settlement Sum in full;
 - (iii) if for whatever reason an order has been made or petition presented or resolution passed for the winding up of or bankruptcy petition against FHHSB, or any distress, execution or other process been levied in respect of FHHSB which remains undischarged prior to the liquidation or dissolution of MHSB or any event has occurred which in Advancecon's opinion will jeopardise the ability of FHHSB to recover the Unsettled Remaining Settlement Sum, FHHSB shall immediately and in any event within fourteen (14) days of receipt of written notice from Advancecon execute the deed of assignment in favour of SESB to assign the aforementioned advances; and
 - (iv) if for whatever reason the advances owing by SERB to FHHSB which can be and/or which is to be assigned to SESB under the deed of assignment is lesser than the Unsettled Remaining Settlement Amount, FHHSB shall immediately pay the shortfall in cash to SESB and in any event within fourteen (14) days from receipt of a written notice from Advancecon to do the same.
- 1.4 all rights of FHHSB in and to the Land (including proceeds therefrom) and the Remaining Maju Settlement Sum under the SSA and SHA (together with any Award Sum as described therein) shall cease immediately in favour of SESB as at the date of the Supplemental Agreement.

2. Amendment of SSA

In consideration of **section 1 of Appendix I** above, the Parties agree that with effect from the date the last Conditions Precedent in **section 4 of Appendix I** is fulfilled ("**Completion Date**"):

- (1) the SSA will be amended as follows:
 - (a) all reference to Profit Guarantee Period as contained in clauses 8 and 9 of the SSA shall mean the period of two (2) years commencing from 1 January 2022 and ending on 31 December 2023 (both dates inclusive); and
 - (b) clause 8.15(v) of the SSA (*which relates to FFHSB's right to the Award Sum*) shall be deleted in entirety.
- (2) Advancecon waives its right under clause 14.1(p) of the SSA (*which relates to the maintenance of the consolidated net tangible assets of SERB Group prior to the completion of the Acquisition*).

For clarification purpose, clause 14.1(p) of the SSA requires FHHSB to procure that the SERB Group does not prior to the completion date of the SSA, except with the prior written consent of Advancecon (such consent not to be unreasonably withheld or delayed:

"permit or do any act which may result in the consolidated net tangible assets of SERB Group to be less than RM28,000,000 in aggregate (save and except for depreciation of the tangible assets over the useful life as allowable under the basis and policies of accounting adopted by SERB Group which are consistent with the basis and policies of accounting adopted for the unaudited management financial statements of SERB for the FYE 31 December 2020)"

By waiving its right under clause 14.1(p) of the SSA, Advancecon cannot claim for breach of this clause and seek damages for such breach.

3. Amendment of SHA

In consideration of **section 1 of Appendix I** above, the Parties hereby agree to amend the SHA as follows with effect from the Completion Date:

- (a) all reference to Profit Guarantee Period as contained in the SHA shall mean the period of two (2) years commencing from 1 January 2022 and ending on 31 December 2023 (both dates inclusive);
- (b) clause 3.6 of the SHA (*which relates to the escrow account for the receipt of the Award Sum*) shall be read subject to **section 1 of Appendix 1** above;
- (c) clause 9.1(iii) of the SHA (*which relates to FHHSB's obligations on the operations of SERB Group*) shall be subject to clause 10.5 of the SHA (*which relates to Advancecon's rights to assume the management and operations of SERB Group*); and
- (d) clause 9.5(vi) of the SHA (*which relates to FFHSB's right to the Award Sum*) shall be deleted in entirety.

4. Effect on the SSA and SHA

On Completion Date, save and except as amended pursuant to this Supplemental Agreement, including but not limited to:

- (a) the early settlement of clause 6 of the SSA in accordance with **section 1 of Appendix I**;
- (b) the waiver of Advancecon's right under clause 14.1(p) of the SSA in accordance with **section 2(2) of Appendix I**; and

- (c) the waiver of FHHSB's right to the Award Sum, Land (including proceeds therefrom) and Remaining Maju Settlement Sum,

all other obligations of the Parties under the SSA and SHA shall continue to be binding and effective.

5. Conditions Precedent

- 5.1 **Sections 1 and 2 of Appendix I** above is conditional on Advancecon obtaining the approval of the board of directors and the shareholders of Advancecon for the same ("**Condition Precedent**").

The above Condition Precedent shall be fulfilled within three (3) months from the date of the Supplemental Agreement with an automatic extension of a further one (1) month if the Condition Precedent shall not have been satisfied by the expiry of the aforesaid initial three (3) months period (hereinafter referred to as the "**Cut-Off Date**"). Thereafter, all Parties may (before or on expiry of the Cut-Off Date) have an extension(s) of time as may be agreed between the Parties to comply with the Condition Precedent.

- 5.2 If the Condition Precedent has not been fulfilled on the expiry of the Cut-Off Date or such extension of time agreed between the Parties, then either FHHSB or Advancecon shall be entitled to terminate this Supplemental Agreement by serving a written notice to the other Party(ies) whereupon:

- (a) the Supplemental Agreement shall lapse and cease to have any further force or effect neither Party shall have any claim against each other under this Supplemental Agreement save and except for antecedent breaches;
- (b) the obligations of the Parties under the SSA including clause 6 therein and SHA shall continue to have effect and the Parties shall respectively continue to be bound to perform its obligations therein contained; and
- (c) the SSA and SHA shall remain without the amendments contained in the Supplemental Agreement.

6. Standstill

The Parties hereby agree that:

- (a) pending the Completion Date or the earlier termination of this Agreement, each Party agrees not to enforce clause 6 or clause 14.1(p) of the SSA against each other;
- (b) pending the Completion Date or the earlier termination of this Agreement, FHHSB, SESB, SERB or any other company within SERB Group shall not utilise or deal with the Land and/or the Remaining Maju Settlement Sum and/or any Award Sum received (including proceeds therefrom) without the prior mutual written agreement between Advancecon and FHHSB;
- (c) pending the Completion Date or the earlier termination of this Agreement and save and except as set out in paragraphs (a) and (b) of this section 6 above, the Parties shall respectively continue to perform their respective obligations in accordance with the SSA and SHA.

7. Event of Default

An event of default shall have occurred if a Party ("**Defaulting Party**") fails to observe or perform any of its obligations under the Supplemental Agreement or commits a breach of any of the terms of the Supplemental Agreement and in respect of any such failure or breach which in the opinion of the other Party ("**Non-Defaulting Party**") is capable of remedy, such action as the Non-Defaulting Party may require shall not have been taken to remedy such failure or breach to the Non-Defaulting Party's satisfaction within fourteen (14) days of the Non-Defaulting Party notifying the Defaulting Party of such default and of such required action or within such longer period as the Non-Defaulting Party may in their sole discretion grant to the Defaulting Party, as the case may be then, and in any such case and at any time thereafter, the Non-Defaulting Party shall notify the Defaulting Party of the event of default whereupon the Non-Defaulting Party shall become entitled to exercise any rights which it may have against the Defaulting Party under the Supplemental Agreement, the SSA or otherwise and to take any steps and actions to enforce the same including but not limited to specific performance and/or the winding up proceedings.

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1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. CONSENT

UOBKH, being the Adviser for the Proposed Settlement, 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. DECLARATION OF CONFLICT OF INTERESTS

UOBKH has given its written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or likely to exist in relation to its role as the Adviser for the Proposed Settlement.

4. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the Group's financial results/ position:-

	RM'000
Contracted but not provided for:-	
Purchase of property, plant and equipment	3,114

5. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, save as disclosed below, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and has no knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group:-

i. **SHAH ALAM HIGH COURT CIVIL SUIT NO. BA-23NCVC-24-04/2021
Zeti Ismrizan Binti Isa & 5 Ors ("Plaintiffs") vs. SPRING ENERGY SDN BHD
("SESB" or "Defendant")**

SESB, a wholly owned subsidiary of SERB had on 19 April 2021 received a Writ of Summon and Statement of Claim both dated 16 April 2021 filed by the Plaintiffs under Shah Alam High Court Civil Suit No. BA23NCVC-24/04/2021 ("**Suit 24**"). Persatuan Penduduk Bukit Damar Dengkil and SESB had earlier entered into an agreement to construct the Link Road & Access Road and earthwork at Lot 281 & 282 of Kampung Bukit Damar. The Plaintiffs are claiming that the work carried out by SESB was done without their consent, that the work has caused damages and/or variation to the quality or nature to their lands. Therefore, the Plaintiffs have filed the Writ of Summons and Statement of Claim against SESB to claim for the purported losses and/or damages suffered by them including the purported decrease in the value of their lands.

Pursuant to the Writ of Summons and Statement of Claim, the Plaintiffs are claiming from SESB for the sum of RM3,966,065.18 being the alleged specific damages suffered by the Plaintiffs due to the purported damages and/or variation to the quality or nature caused to their lands by SESB which carried out construction work without the consent of the Plaintiffs. SESB then raised a Third Party Claim against Persatuan Penduduk Bukit Damar Dengkil, Dato' Mohamad Hussin bin Semail and Muhammad Faizal bin M. Hairi ("**Third Parties**") to indemnify SESB for any losses and/or damages suffered by SESB as a result of the Plaintiffs' claim on the basis that the Third Parties have breached the agreement and/or failed to obtain the consent from the Plaintiffs and/or have fraudulently or negligently misrepresented SESB that they have obtained the consent from all the landowners of Lot 281 and Lot 282 for SESB to commence the work. The Third Parties filed an application to strike out SESB's Third Party Claim on 6 August 2021 ("**Strike Out Application**").

On 3 November 2021 for hearing of the Strike Out Application, the High Court allowed the Strike Out Application due to technical irregularity and the High Court fixed case management for the main suit (i.e. Suit 24) on 17 November 2021.

The Court during the case management on 17 November 2021 directed the parties to file and serve 'Tabulated Summary of the parties' positions and arguments on the issues and sub-issues' and submit list of witness and Witness Statement by 4 January 2022. The Court then fixed the next case management on 6 January 2022 to fix the trial date.

During the case management on 17 November 2021, SESB informed the Court that SESB will file an appeal against the High Court's decision in striking out the SESB's Third Party Claim against Dato' Mohamad Hussin bin Semail and Muhammad Faizal bin M. Hairi and will file a leave application to add the office bearer (i.e the Chairman) of Persatuan Penduduk Bukit Damar Dengkil as Third Party to the Suit 24.

SESB then filed Notice of Appeal in Court of Appeal on 18 November 2021. The case management for the Appeal was fixed on 7 January 2022.

On 30 November 2021, SESB filed in Shah Alam High Court the Notice of Application to seek leave to add the office-bearer of Persatuan Penduduk Bukit Damar Dengkil as Third Party and the Affidavit in Support ("**Leave Application**"). The Court fixed the case management before the Judge on 17 December 2021.

During the case management on 17 December 2021, the Court fixed the hearing for the Leave Application on 6 January 2022 before the Judge. The Court had on 6 January 2022 disallowed the Leave Application and fixed the Trial dates on 21 July 2022, 22 July 2022 and 25 July 2022, during the case management.

SESB had on 9 February 2022 requested to withdraw the appeal against the High Court's decision in striking out the SESB's Third Party Claim against Dato' Mohamad Hussin bin Semail and Muhammad Faizal bin M. Hairi and the Court has vacated the hearing on 10 March 2022 as the Parties had reached a consensus for withdrawal with costs of RM500 to be paid by SESB. SESB had on 8 March 2022 filed the Writ of Summons and Statement of Claim against Dato' Mohamed Dahan Bin Abdul Latif, being sued in the capacity of the Chairman/ Office-bearer of Persatuan Penduduk Bukit Damar Dengkil for breach of contract and against Mohamad Hussin bin Semail and Muhammad Faizal bin M.Hairi in personal capacity under the tort of deceit and misrepresentation under the Suit No. BA-22NCVC-99-03/2022 ("**Suit 99**").

The defendants in the Suit 99 (namely, Dato' Mohamed Dahan Bin Abdul Latif, being sued in the capacity of the Chairman/ Office-bearer for Persatuan Penduduk Bukit Damar Dengkil, Mohamad Hussin bin Semail and Muhammad Faizal bin M.Hairi) filed a striking out application on 25 April 2022 and the High Court reserved its decision until 9 August 2022 after the hearing and which was subsequently rescheduled to 17 August 2022.

On 15 July 2022, the High Court allowed the consolidation application by SESB with cost in the case and Suit 24 was transferred and consolidated with Suit 99.

On 17 August 2022, the High Court in Suit 99 directed SESB to amend the Writ and also Statement of Claim against the 1st Defendant as Dato' Mohamad Dahan Bin Abdul Latif was no longer the chairman of the Persatuan Penduduk Bukit Damar Dengkil so that it will not affect the execution of judgment (if any) in future in the event that SESB have succeeded in the case. However, the High Court subsequently suggested for SESB to withdraw its suit (i.e. Suit 99) since the Plaintiffs' claim (i.e. Suit 24) has been moved to the same court and that the Plaintiffs' claim (i.e. Suit 24) should be the main suit and not the Suit 99. Therefore, the High Court has suggested SESB to file a 3rd party notice in the Plaintiffs' claim (i.e. Suit 24) to sue the current chairman of the Persatuan Penduduk Bukit Damar Dengkil (i.e. Muhammad Faizal bin M.Hairi) and the other 2 individuals (i.e. Mohamad Hussin bin Semail and Muhammad Faizal bin M.Hairi, in their own capacity).

Therefore, in compliance with the court's directions, the Suit 99 has been withdrawn with no order as to costs and with liberty to file afresh. Further, SESB has also filed an application for leave to add the Persatuan Penduduk Bukit Damar Dengkil and the other 2 individuals as third party to Suit 24 on 6 September 2022.

The court has on 15 September 2022 allowed SESB's application for leave to add the 3rd parties (Enclosure 109). The 3rd Party Notice has also been filed and served to the relevant parties on 29 September 2022. The 3rd parties have entered appearance on 11 October 2022.

During the case management on 18 October 2022, the court has given the directives for the parties to finalise the pleadings for Third party Proceedings. The next Case Management is fixed on 7 December 2022 for the parties to finalise the pleadings for Third Parties' Proceedings.

SESB's Solicitors is of the opinion that SESB has a good chance to defend the Plaintiffs' claim and/or in succeeding the third party proceedings based on the evidence and facts.

**ii. KUALA LUMPUR HIGH COURT WINDING UP PETITION NO. WA-28NCC-176-03/2022
SESB vs. Maju Holdings Sdn Bhd ("MHSB")**

Winding Up Petition was presented to the Court on 2 March 2022 and served to MHSB on 4 March 2022 under the ground that MHSB is insolvent under the law and has defaulted its payment of RM17,200,000 to SESB pursuant to the Maju Settlement Agreement.

This matter is set for Hearing on 25 November 2022.

SESB's Solicitors is of the opinion that SESB has a good chance to winding up MHSB based on the evidence and facts.

**iii. COURT OF APPEAL CIVIL APPEAL NO. W-02(NCC)(A)-1080-06/2022
MHSB vs. SESB**

MHSB filed a Fortuna Injunction application in the High Court on 4 March 2022 to prevent SESB from proceeding with the winding up petition dated 2 March 2022 vide Winding Up Petition No. WA-28NCC-176-03/2022. On 19 May 2022, the High Court dismissed MHSB's Fortuna Injunction application with costs of RM5,000.

MHSB had on 14 June 2022 filed a Notice of Appeal against the High Court's decision in dismissing their application for fortuna injunction to restrain SESB from winding up MHSB with costs of RM5,000. A case management was fixed on 27 October 2022. MHSB has informed the court during the Case Management on 27 October 2022 of their intention to withdraw the appeal.

This matter is set for Case Management on 28 November 2022 for the parties to resolve the issue on costs of withdrawal and to file the Notice of Discontinuance.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to the date of the forthcoming EGM of the Company:-

- i. the Constitution of the Company;
- ii. audited consolidated financial statements of the Group for the past 2 financial years up to the FYE 31 December 2021 and the unaudited consolidated financial statements of the Group for the 9-month FPE 30 September 2022;
- iii. audited consolidated financial statements of SERB Group for the past 2 financial years up to the FYE 31 December 2021 unaudited consolidated financial statements of SERB Group for the 10-month FPE 31 October 2022;
- iv. the letters of consent and declaration of conflict of interests referred to in **Sections 2 and 3** above, respectively;
- v. the Supplemental Agreement;
- vi. the SSA and SHA;
- vii. the sale and purchase agreement for the Land Disposal; and
- viii. the relevant cause papers in respect of **Section 6** above.



ADVANCECON HOLDINGS BERHAD

(Registration No. 199701011469 (426965-M))

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting ("**EGM**") of Advancecon Holdings Berhad ("**Advancecon**" or the "**Company**") will be conducted on a fully virtual basis through live streaming and online meeting platform of TIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via Remote Participation and Electronic Voting ("**RPV**") facilities at <https://tihih.online> or <https://tihih.com.my> (Domain registration number with MYNIC – D1A282781) on Wednesday, 21 December 2022 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 resolution:-

ORDINARY RESOLUTION

PROPOSED EARLY SETTLEMENT OF THE PROFIT GUARANTEE (AS DEFINED BELOW) PURSUANT TO THE CONDITIONAL SHARE SALE AGREEMENT DATED 17 JUNE 2021 IN RESPECT OF THE ACQUISITION OF 51% EQUITY INTEREST IN SPRING ENERGY RESOURCES BERHAD BY ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR THE "COMPANY") ("PROPOSED SETTLEMENT")

"**THAT**, approval be and is hereby given for Advancecon to allow Fook Hua Holdings Sdn Bhd ("**FHHSB**" or the "**Vendor**") to early settle its obligations for the profit guarantee for SERB and its subsidiaries of an aggregated cumulative profit after tax of not less than RM12,000,000 for the 24-month financial period of SERB (i.e. 12-month financial year ending 31 December 2022 and 12-month financial year ending 31 December 2023) and if so extended, includes additional 24-months period ending 31 December 2025 ("**Profit Guarantee**") and to vary, amend, supplement, modify, delete, add and/ or substitute the provisions of the conditional share sale agreement dated 17 June 2021 entered into between Advancecon and FHHSB in accordance with the terms and conditions set out in the conditional supplemental agreement dated 18 October 2022 entered into between Advancecon and the Vendor ("**Supplemental Agreement**") ("**Proposed Settlement**");

THAT the execution by Advancecon of the Supplemental Agreement and other ancillary documents in relation thereto and the performance of its obligations under the Supplemental Agreement and other ancillary documents in relation thereto be and are hereby approved, ratified and confirmed;

THAT the Board of Directors of Advancecon ("**Board**") be and is hereby empowered and authorised to sign, execute and deliver on behalf of the Company all necessary documents and to take all steps and do all such acts as it may consider necessary, expedient or appropriate to give full effect to the Proposed Settlement with full power and discretion to enter into all such transactions, arrangements and agreements in respect of any matter arising under or in connection with the Proposed Settlement and to assent to any conditions, modifications, variations, additions and/ or amendments as may be imposed by any relevant authorities and/ or as the Board may deem fit and/ or expedient and/ or in the best interest of the Company;

AND THAT all previous actions by the Board for the purpose of or in connection with the Proposed Settlement be and are hereby adopted, approved and ratified."

By order of the Board

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

THIEN LEE MEE (LS0010621 / SSM PC No. 201908002254)

Company Secretaries

Selangor Darul Ehsan
6 December 2022

Notes:-

1. *In respect of deposited securities, only member whose names appear in the Company's Record of Depositors as at 14 December 2022 shall be eligible to attend, participate, speak and vote at this meeting or appoint proxy(ies) to attend, participate, speak and vote on his/ her behalf.*
2. *A member shall not be entitled to appoint more than (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 attend and vote at the meeting shall have the same rights as the shareholder to speak at the meeting.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**Central Depositories Act**") , it may appoint at least one 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 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 hard copy form or by electronic means in the following manner and must be received by the Company not less than 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 hard copy form*
In the case of an appointment made in hard copy form, the original Proxy Form must be deposited at the Poll Administrator office, Tricor Investor & Issuing House Services Sdn Bhd (Tricor) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (b) *By electronic means*
The Proxy Form can be electronically lodged via Tricor's TIH Online website at <https://tiah.online>. Please follow the procedure for the electronic lodgement of proxy form 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 resolution set out in this Notice 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 attend, participate, speak and vote at this meeting, 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 this meeting and the preparation and compilation of the attendance lists, minutes and other documents relating to this meeting, 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.



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

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

- Day, Date and Time** : Wednesday, 21 December 2022 at 10:00 a.m.
- Venue** : Online Meeting Platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia
- Meeting Platform** : TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC – D1A282781)

MODE OF MEETING

In line with the Government's directive and the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia ("SC") on 16 July 2021, the EGM of the Company will be conducted fully virtual through live streaming and online voting via Remote Participation and Voting ("RPV") facilities via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC – D1A282781). An online meeting platform used to conduct the meeting can be recognized as the meeting venue as required under Section 327(2) of the Companies Act 2016, provided that the online platform located in Malaysia. Pursuant to the SC's Guidance, all meeting participants including the Chairman of the Meeting, board members, senior management and shareholders are to participate in the meeting online.

We strongly encourage you to attend the EGM via the RPV facilities. You may consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the EGM.

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

The RPV facilities are available on Tricor's **TIIH Online** website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC – D1A282781).

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

A shareholder who has appointed a proxy(ies) or attorney(s) or authorized representative(s) to attend, participate, speak and vote at this EGM via RPV must request his/ her proxy(ies) or attorney(s) or authorized representative(s) to register himself/ herself for RPV at TIIH Online website at <https://tiih.online>.

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

PROCEDURES TO REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES

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

Before the EGM Day

	Procedure	Action
i	Register as a user with TIIH Online	- Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services", select the "Sign Up" 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 with 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	- Registration is open from Wednesday, 6 December 2022 until the day of EGM on Wednesday, 21 December 2022. 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. - Login with your user ID (i.e. email address) and password and select the corporate event: "(REGISTRATION) ADVANCECON HOLDINGS BERHAD 2022 EGM 2". - 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 - 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 General Meeting Record of Depositors as at 14 December 2022, the system will send you an e-mail after 19 December 2022 to approve or reject your registration for remote participation. <i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i>
On the EGM Day		
(c)	Login to TIIH Online	Login with your user ID and password for remote participation at the EGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of the EGM on Wednesday, 21 December 2022 at 10:00 a.m.
(d)	Participate through Live Streaming	- Select the corporate event: "(LIVE STREAM MEETING) ADVANCECON HOLDINGS BERHAD 2022 EGM 2" to engage in the proceedings of the EGM remotely. - If you have any question for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/ Board will endeavor to respond to questions submitted by remote participants during the EGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	- Voting session commences from 10:00 a.m. on Wednesday, 21 December 2022 until a time when the Chairman announces the end of the session. - Select the corporate event: "(REMOTE VOTING) ADVANCECON HOLDINGS BERHAD 2022 EGM 2" 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 resolution that is tabled for voting. - Confirm and submit your votes.
(f)	End of remote participation	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. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
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@my.tricorglobal.com for assistance.

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 14 December 2022 shall be eligible to participate, speak and vote at the EGM or appoint a proxy(ies) and/ or the Chairman of the Meeting to attend and vote on his/ her behalf.
- In view that the EGM will be conducted on a fully virtual basis, a member can appoint the Chairman of the Meeting 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 Proxy Form for the EGM. You will not be allowed to participate in the EGM together with a proxy appointed by you.
- Accordingly, proxy forms and/ or documents relating to the appointment of proxy/ corporate representative/attorney for the EGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Monday, 19 December 2022 at 10:00 a.m.:**
 - (i) In Hard copy:

By hand or post to the office of the Poll Administrator, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (ii) By Electronic form:

All shareholders can have the option to submit Proxy Form electronically via TIIH Online and the steps to submit are summarised below:

PROCEDURES FOR ELECTRONIC SUBMISSION OF PROXY FORM

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	- Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. - If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of Proxy Form	- After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. - Select the corporate event: "ADVANCECON HOLDINGS BERHAD 2022 EGM 2 – SUBMISSION OF PROXY FORM". - 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	- Access TIIH Online at https://tiih.online - Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" 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 email 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. <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>
Proceed with submission of Proxy Form	- Login to TIIH Online at https://tiih.online - Select the corporate event: "ADVANCECON HOLDINGS BERHAD 2022 EGM 2 – SUBMISSION OF PROXY FORM" - Agree to the Terms & Conditions and Declaration. - Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set 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 2022 EGM 2 – SUBMISSION OF PROXY FORM". - 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 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 resolution at any time from **10:00 a.m. on Wednesday, 21 December 2022** but before the end of the voting session which will be announced by the Chairman of the meeting. Please refer to the Procedures for Remote Participation and Voting via 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 whether the resolution is 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" to login, pose questions and submit electronically no later than **Monday, 19 December 2022 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 meeting, 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, Malaysia		Telephone Number
	General Line	603-2783 9299
	Ms Nur Qaisara Naaila	603-2783 9272 Nur.Qaisara.Naaila@my.tricorglobal.com
	Pn Nor Faeayzah	603-2783 9274 Nor.Faeayzah@my.tricorglobal.com
	Fax Number	603-2783 9222
	Email	is.enquiry@my.tricorglobal.com

ADVANCECON

ADVANCECON HOLDINGS BERHAD

(Registration No. 199701011469 (426965-M))

(Incorporated in Malaysia)

PROXY FORM

No. of Shares held	CDS Account No.

*I/ We *NRIC No./ Passport No./ Company No.

of.....

and telephone no./ email 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
Email 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
Email 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 online Remote Participation and Voting ("RPV") facilities via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC – D1A282781) on Wednesday, 21 December 2022 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 RESOLUTION	FOR	AGAINST
Proposed Settlement		

**Strike out whichever not applicable*

Dated this _____ day of _____ 2022

.....
Signature of Member/ Common Seal

**Strike out whichever is not desired.*

.....
Signature of Shareholder(s)

Notes:-

1. *In respect of deposited securities, only member whose names appear in the Company's Record of Depositors as at 14 December 2022 shall be eligible to participate this meeting 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 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 attend and vote at the meeting shall have the same rights as the shareholder to speak at the meeting.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**Central Depositories Act**"), it may appoint at least one 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 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 hard copy form or by electronic means in the following manner and must be received by the Company not less than 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 hard copy form*
In the case of an appointment made in hard copy form, the original Proxy Form must be deposited at the Poll Administrator office, Tricor Investor & Issuing House Services Sdn Bhd (Tricor) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (b) *By electronic means*
The Proxy Form can be electronically lodged via Tricor's TIH Online website at <https://tiah.online>. Please follow the procedure for the electronic lodgement of proxy form as set out in the Administrative Guide for EGM.
8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice 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 6 December 2022.

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AFFIX
STAMP

The Poll Administrator for the 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

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