

**ADVANCE SYNERGY BERHAD (“ASB”)  
PROPOSED ACQUISITION BY LAUNCESTON DEVELOPMENTS LIMITED (“LDL”), AN  
INDIRECT WHOLLY-OWNED SUBSIDIARY OF ASB [HELD VIA ALANGKA-SUKA HOTELS &  
RESORTS BERHAD, A WHOLLY-OWNED SUBSIDIARY OF ASB] OF THE ON-GOING  
BUSINESS (“FONDS DE COMMERCE”) OF THE HOTEL MARCIANO LAFAYETTE LOCATED  
AT 46 RUE DE TRÉVISE 75009 PARIS AND THE REAL ESTATE IN WHICH THE FONDS DE  
COMMERCE IS CARRIED OUT**

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**1. Introduction**

Further to our announcement on 18 May 2009, we wish to inform the Exchange that, on 19 June 2009, the Bilateral Undertakings to Sell (“Agreements”) have been entered into between LDL and SARL Marciano Lafayette, a French limited liability company located at 46 rue de Tréville, 75009 Paris, France, owner of the on-going business (“Fonds de Commerce”) of the Hotel Marciano Lafayette, located at 46 rue de Tréville, 75009 Paris, France as well as SCI Tréville Marciano, a French civil company, owner of the real estate (“Real Estate”) in which the Fonds de Commerce is carried out (collectively, referred to as “Sellers”) for LDL or its nominee(s) to acquire from the Sellers the Fonds de Commerce and the Real Estate, a city centre hotel with 38 rooms, located at 46 rue de Tréville, 75009 Paris, France for a cash consideration of 5,450,000 Euros (equivalent to approximately RM26.78 million) comprising 3,100,000 Euros for the Real Estate and 2,350,000 Euros for the Fonds de Commerce (“Acquisition”).

**2. Details of the Acquisition**

The consideration was arrived at 5,450,000 Euros based on willing buyer and willing seller basis. A deposit of 270,000 Euros was paid on 19 June 2009 which will be utilised towards the purchase price together with the balance sum to be paid in cash on completion. The Acquisition shall be for the freehold building with vacant possession and shall be free of any encumbrance restriction or covenants whatsoever save only for the 9 rooms which are subject to a lease agreement, and the on-going business shall be free of any encumbrance restriction or covenants whatsoever with all moveable and immovable assets, fixtures, licenses and contract, clientele and all pre bookings and future order book and more generally anything that is necessary for the proper running of the hotel as it is currently managed. It is agreed that all liabilities relating to the Fonds de Commerce for the period prior to completion shall remain with the Sellers. The purchase consideration will be funded through internal resources and/or bank borrowings.

Hotel Marciano Lafayette is located at 46 rue de Tréville, 75009 Paris, France and within the central district of Paris (9th district). This hotel property is thus situated in the shopping and entertainment areas and is only about 10 minutes walk to the famous shopping landmark, Gallerie Lafayette. Hotel Marciano Lafayette is also situated between the train stations “Saint Lazare”, “Nord”, “Est” and the Grands Boulevards and is only about 11 minutes by train to Porte Maillot Palais des Congrès, and approximately 17 minutes to Porte de Versailles Exhibition Center. In addition, Hotel Marciano Lafayette is close to the “Cadet” underground station providing efficient access to Paris’ tourist attractions. This location fits both business and leisure tourists. Hotel Marciano Lafayette features 38 guest rooms comprising 20 double rooms, 13 superior rooms and 5 triple rooms. The room size ranges from 16 to 30 square metres. The net floor area is 509 square metres. The Real Estate is a freehold and was built more than 100 years ago.

This hotel property registered an earnings before interest, tax, depreciation and amortisation (EBITDA) of 233,435 Euros against a total revenue of 878,305 Euros for 2008.

The salient features of the Agreements are as follows:-

- a. The Sellers undertakes to sell to LDL within the time limit and the conditions set out in the Agreements the Fonds de Commerce and the Real Estate subject to the fulfilment of the following conditions precedent:-
  - i. Submission of a town planning note certifying that there is no public encumbrances which could lead to the partial or total expropriation or the prevent the sale of the Real Estate and any by-laws which could cause the depreciation in value of the Real Estate or interrupt the use as hotel business.

- ii. Submission of the confirmation in writing by the city hall that on the date of the Deeds of Sale the building in which the Fonds de Commerce is operated is not in the perimeter subject to a right of pre-emption or letter from the city hall renouncing its right of pre-emption.

In the event of the exercise of pre-emption right, the promise to sell Fonds de Commerce and the Real Estate shall become null and void and the Sellers shall be released from all obligation vis-à-vis LDL to whom the deposit should be returned within a maximum of 8 business days following receipt of notification of the pre-emption.

- iii. Obtaining of a financing up to 3,500,000 Euros for the Acquisition by 15 September 2009.
- b. Upon fulfilment of the conditions precedent, the parties shall enter into two separate Deeds of Sale for the transfer of ownership of the Fonds de Commerce and the transfer of ownership of the Real Estate.
- c. LDL may substitute for the Acquisition any legal person having rights and obligations, provided that LDL remains jointly and severally liable with such substituted company.
- d. The parties declared that the sale of the Fonds de Commerce and the Real Estate are inter-dependent and that the definitive sales of both shall take place on the same day.
- e. The consideration shall be paid upon the execution of the Deeds of Sale.
- f. If the Sellers or LDL fails to sign the Deeds of Sale or LDL fails to pay the full consideration on completion, the defaulting party shall be liable to pay a sum equivalent to the deposit sum to the aggrieved party as an indemnity and this payment shall take place within 10 business days.

The aggrieved party shall, at their option, within 30 days to either sue for the forced sale of the Fonds de Commerce and the Real Estate or consider the promise to sell the Fonds de Commerce and the Real Estate as terminated, by sending a letter to the defaulting party and if this is the case, costs relating to such termination shall be borne by the defaulting party.

In the event of a forced sale, the said indemnity shall be deducted from the consideration.

The salient features of the valuation report dated 11 June 2009 prepared by Deloitte Finance in France ("Valuation Report") are as follows:-

- a. The valuation was made according to the current state of the market.
- b. Using the dynamic (Discounted Cash Flows) method, the total value of the Hotel Marciano Lafayette is 5,600,000 Euros with the breakdown in value as follows:-
  - Fonds de Commerce ranges between 2,600,000 and 2,800,000 Euros
  - Real Estate ranges between 2,800,000 and 3,000,000 Euros

The Agreements and the Valuation Report are available for inspection at the registered office of ASB from Mondays to Fridays (except public holidays) during normal office hours.

The Fonds de Commerce and the Real Estate were acquired by the Sellers on 28 December 2005 at a cost of 2,750,000 Euros and 1,600,000 Euros respectively.

The Acquisition is not subject to the approval of shareholders of ASB or any relevant government authorities.

There is no departure from the Securities Commission's Guidelines on the Offering of Equity and Equity-Linked Securities.

3. **Information on LDL**

LDL was incorporated in the British Virgin Islands on 1 July 1997 as an International Business Company. LDL has an authorised share capital of USD50,000 divided into 50,000 ordinary shares of USD1.00 each, of which 2 ordinary shares are issued and fully paid.

4. **Information on the Sellers**

SARL Marciano Lafayette, a French limited liability company registered with the Paris Trade and Companies Registry under number B 485 313 753 and SIRET number 48531375300017, code APE 5510Z, with a share capital of 10,000 Euros and having its registered office at 46 rue de Tréville, 75009 Paris, is the owner of the Fonds de Commerce. The principal activity of SARL Marciano Lafayette is that of the operation of the Hotel Marciano Lafayette. The SARL Marciano Lafayette is represented by its manager Mr Yoan Marciano, and its shareholders are Mr Yoan Marciano, Mr Joseph Marciano and Mr Raphy Marciano.

SCI Trevisse Marciano, a French civil company, with a share capital of 1,000 Euro, located at 46 rue de Tréville, 75009 Paris, registered with the SIREN under number 485274963 and with the Trade Registry of Paris is the owner of the Real Estate in which the Fonds de Commerce is carried out. The principal activity of SCI Trevisse Marciano is that of the ownership of a building located 46 rue de Tréville, 75009 Paris. SCI Trevisse Marciano is represented by its manager Mr Yoan Marciano and its shareholders are Mr Yoan Marciano, Mr Joseph Marciano and Mr Raphy Marciano.

5. **Effect of the Acquisition**

The Acquisition has no effect on the share capital and substantial shareholders' shareholdings of ASB as it does not involve issuance of securities. The Acquisition is not expected to have material impact on the earnings per share, net assets per share and gearing of ASB Group for the financial year ending 31 December 2009.

6. **Rationale and Prospects**

The Acquisition represents a unique opportunity for our Hotel division to acquire a real estate in the central area of Paris. The Acquisition is also in line with our Hotel division's intention to have a presence in Europe and will further enhance our Hotel division's hospitality operations in major cities around the world. In addition to that, our Hotel division believes that the inclusion of this hotel property will be a big boost to the overall strategic planning on the expansion of a home grown Malaysian brand into the Europe market. The Acquisition is expected to provide steady revenue stream to the Group.

7. **Risks Factors**

The risks involved in the Acquisition would be industry specific risks associated with the tourism and hospitality industry, for example, general economic and political climate, customer preferences as well as seasonal vagaries. With its experienced personnel in hospitality industry, our Hotel division is able to plan, mitigate and minimise the business risks inherent in the industry in which it operates in.

The hotel property is located in the central area of Paris with several competitors around its vicinity. However, our Hotel division is confident that it is able to compete with the other competitors given that the hotel property is strategically located and the repeat clientele of the Holiday Villa hotels will be most supportive of a Malaysian based hotel in Paris.

Fluctuations in the exchange rate between the Euro and Malaysian Ringgit may affect investment returns of the Group. However, the Group will match income with expenditure in Euro to minimise movement in currency exchange. Also, the Group may use certain financial instruments for hedging purpose in future.

The Board of Directors of ASB is unaware of any other risks arising from the Acquisition which could materially or adversely affect the financial and operating conditions of ASB Group. The Acquisition is expected to enhance the prospects of our Hotel division in the long term given the strategic location of the hotel property in Paris.

8. **Directors' and major shareholders' interest**

None of the directors, major shareholders and/or persons connected with the directors and major shareholders of ASB has any interest, direct or indirect, in the Acquisition.

9. **Directors' Recommendation**

The Board of Directors of ASB, after careful deliberation, is of the opinion that the Acquisition is in the best interest of ASB.

[This announcement is dated 22 June 2009]