

ADVANCE SYNERGY BERHAD ("ASB")

PROVISION OF FINANCIAL ASSISTANCE TO POSTHOTEL AROSA AG ("AROSA"), A 48.7%-OWNED INDIRECT ASSOCIATED COMPANY OF ASB HELD VIA HOLIDAY VILLA ASSETS SDN BHD ("HVA"), AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ASB (HELD VIA ALANGKA-SUKA HOTELS & RESORTS SDN BHD ("ASHR"), A WHOLLY-OWNED SUBSIDIARY OF ASB)

Contents:

1. INTRODUCTION

Pursuant to paragraphs 8.23(1)(iii) and 10.08(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main LR") on the provision of financial assistance which involves the interest of related parties, the Company wishes to announce that its indirect wholly-owned subsidiary, HVIL or its nominee(s) will provide financial assistance to Arosa for the next 12 months up to RM3.8 million ("**Provision of Financial Assistance**").

Arosa owns a hotel known as Posthotel Holiday Villa Arosa ("Hotel") located in the holiday ski resort of Arosa, Switzerland.

2. DETAILS OF THE PROVISION OF FINANCIAL ASSISTANCE

The details of the Provision of Financial Assistance are as set out below:-

Type of Financial Assistance	Financial Assistance		Amount	
	Provided by	Provided to	RM	%*
Cash advance	HVIL or its nominee	Arosa	Up to 3,800,000	1.09

Note:-

* Percentage of financial assistance valued against latest audited consolidated Net Tangible Assets of ASB Group as at 31 December 2012 of approximately RM350.190 million.

The Provision of Financial Assistance will be in the form of advances on a need basis for Arosa's working capital and renovation of the Hotel within the next 12 months.

The Provision of Financial Assistance is without any interest and repayable on demand. The Provision of Financial Assistance will be funded via internally generated funds.

Kibar Konsep Sdn Bhd ("Kibar Konsep"), the other major shareholder of Arosa, will at the same time provide advances to Arosa on similar terms as HVIL.

3. **RATIONALE**

In the immediate term, Arosa intends to focus on improving the efficiency of the operations and image of the Hotel coupled with concentration of resources on marketing and promotional activities to create market and brand awareness.

The availability of the financial assistance is crucial for Arosa to fast track the refurbishment of the Hotel and as working capital to facilitate the operations of Arosa.

4. **RISK FACTORS**

The Board is not aware of any specific risk/risk factors arising from the Provision of Financial Assistance other than but not limited to the following:-

- (1) the industry specific risks and general business risks (associated with the tourism and hospitality industry) for example, risks relating to general economic and political climate, customer preferences as well as seasonal vagaries, natural disasters, epidemic and terrorism;
- (2) currency risks for example, fluctuations in the exchange rate between the Swiss Franc, US Dollar and Malaysian Ringgit may have an impact on the Group's profits and cash flows; and
- (3) financing risks whereby the Provision of Financial Assistance may pose a default risk should Arosa fail to operate successfully.

5. **FINANCIAL EFFECTS OF THE PROVISION OF FINANCIAL ASSISTANCE**

The Provision of Financial Assistance will not have any material effect on the net assets, earnings per share, gearing, share capital and substantial shareholders' shareholding in ASB and its subsidiaries ("ASB Group") for the financial year ending 31 December 2013.

6. **APPROVALS REQUIRED**

The Provision of Financial Assistance is not subject to the approval of the shareholders of ASB or any regulatory authorities.

7. **DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST**

The Provision of Financial Assistance is a related party transaction pursuant to the Main LR by virtue of Ms Aryati Sasya Dato' Ahmad Sebi, a Non-Independent Non-Executive Director of ASB, being a substantial shareholder of Kibar Konsep and a director of Arosa. She is a person connected to Dato' Ahmad Sebi Bakar, the Group Executive Chairman and major shareholder of ASB, who is also a director of HVIL ("Interested Directors").

Save as disclosed above, none of the directors, major shareholders of ASB and/or persons connected has any interest, direct or indirect, in the Provision of Financial Assistance.

8. STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors (save for the Interested Directors who have abstained from all deliberations on the Provision of Financial Assistance) having considered all aspects of the Provision of Financial Assistance, is of the opinion that the Provision of Financial Assistance is in the best interests of the Company and is not to the detriment of the Company and its shareholders.

9. AUDIT COMMITTEE'S STATEMENT

The Audit Committee having considered all aspects of the Provision of Financial Assistance, is of the opinion that the Provision of Financial Assistance is in the best interests of the Company, fair, reasonable and on normal commercial terms for group advances, and is not detrimental to the interest of the minority shareholders of ASB.

10. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the Provision of Financial Assistance pursuant to Paragraph 10.02(g) of the Main LR is 0.83%.

This announcement is dated 29 November 2013.