

**ADVANCE SYNERGY BERHAD ("ASB" OR "COMPANY")
PROPOSED SUBSCRIPTION OF EQUITY INTEREST IN HELENIUM HOLDINGS LIMITED ("HELENIUM"), A 40%-
OWNED INDIRECT ASSOCIATED COMPANY OF ASB HELD VIA SYNERGY REALTY INCORPORATED ("SRI", AN
INDIRECT WHOLLY-OWNED SUBSIDIARY OF ASB HELD VIA ADVANCE SYNERGY PROPERTIES SDN BHD ("ASP",
A WHOLLY-OWNED SUBSIDIARY OF ASB)**

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1. INTRODUCTION

Pursuant to paragraph 10.08(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main LR"), the Company wishes to announce that SRI will subscribe for 6,400,000 ordinary shares of USD1.00 each at par in Helenium for cash consideration of USD6,400,000 (equivalent to approximately RM20,601,600 pursuant to a rights issue to be undertaken by Helenium to part finance its investment in a property at 34A-36 Kilburn High Road, London, NW6 5UA ("Property").

2. DETAILS OF THE PROPOSED SUBSCRIPTION

Helenium has on 12 May 2014 signed a Contract for the Sale of Freehold Land Subject to Lease with Lotta Property Ltd (non related party) for the purchase of the Property for an agreed price of £19,400,000 (equivalent to approximately RM106,700,000 at an exchange rate of RM5.50 to £1.00) which shall be partly funded by bank loan with the balance consideration and associated acquisition costs funded by the proceeds from the rights issue of ordinary shares by Helenium ("Proposed Subscription").

Arising from the Proposed Subscription, SRI will subscribe for 6,400,000 ordinary shares of USD1.00 each at par in Helenium for cash consideration of USD6,400,000 (equivalent to approximately RM20,601,600) pursuant to its equity shareholding of 40% in Helenium. The other shareholders of Helenium will also subscribe for the new ordinary shares pursuant to the Proposed Subscription in proportion with their respective equity shareholding in Helenium.

The subscription price of the ordinary share will be at the par value of USD1.00 each with no premium. The new ordinary shares to be issued pursuant to the Proposed Subscription shall upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of Helenium except that such new ordinary shares shall not be entitled to any rights, allotments, dividends or other distributions declared or to be declared in respect of the financial period prior to the financial period in which such new ordinary shares are issued or for any interim dividends or distributions that may be declared prior to the date of allotment of such new ordinary shares.

There are no liabilities to be assumed by SRI arising from the Proposed Subscription.

The Proposed Subscription is expected to complete by August 2014. SRI's shareholding in Helenium will remain unchanged at 40% upon completion of the Proposed Subscription.

The subscription monies of SRI for the Proposed Subscription shall be funded from internally generated funds.

3. INFORMATION ON HELENIUM AND THE PROPERTY

Helenium, a 40%-owned associated company of SRI (a 100% owned indirect subsidiary of ASB), was incorporated on 16 December 2010 in the British Virgin Islands. The issued and paid up share capital of Helenium before the Proposed Subscription was USD100.00.

The Property is a freehold, modern mixed use block with a total area of approximately 43,390 square feet (approximately 4,031 square metres) comprising 38 serviced apartments and 12 residential apartments, ground floor retail unit and a basement unit.

All the units are fully rented out and the total income generated from the rental is £1,265,000 per annum (equivalent to approximately RM6,957,500 at an exchange rate of RM5.50 to £1.00).

The Property is located at the southern (best) end of Kilburn High Road, being just north of the affluent Maida Vale area. In terms of public transport, the building is immediately adjacent to Kilburn High Road which provides overground facilities directly into London Euston, while Kilburn Park underground station is within a 5-minute walk and provides direct access to Oxford Circus. This part of Kilburn High Road falls within the South Kilburn regeneration area, which is benefitting from a significant investment programme due to complete by 2023. The master plan includes approximately 2,400 homes in addition to public recreational facilities.

4. RATIONALE

The Proposed Subscription is to part finance Helenium's investment in the Property. The acquisition of the Property represents a unique opportunity for Helenium to acquire a real estate property in London which is fully rented out. The Property will generate a steady recurring rental income to Helenium which in turn is expected to contribute positively to the Group.

5. RISK FACTORS

The Board is not aware of any risks arising from the Proposed Subscription and investment in the Property other than the operational, financial, market and business risks associated to and inherent in investments of this nature.

These risks which include but are not limited to the following will be managed in the ordinary course of business:-

- a. operational risks such as termination of tenancies, fire-breakouts and accidents;
- b. general business risks such as rising operating costs, increased competition and changes in credit and interest rate conditions; and
- c. changes in political, economic and regulatory conditions.

6. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

The Proposed Subscription has no effect on the share capital and substantial shareholders' shareholdings in ASB as it does not involve issuance of securities by ASB.

The Proposed Subscription will not have any material effect on the earnings per share and net assets per share of ASB Group for the financial year ending 31 December 2014.

7. APPROVALS REQUIRED

The Proposed Subscription is not subject to the approval of the shareholders of ASB or any approval from the regulatory authorities.

8. DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST

The Proposed Subscription is regarded a related party transaction pursuant to the Main LR by virtue of Dato' Ahmad Sebi Bakar, the Group Executive Chairman and major shareholder of ASB, being a Director of Helenium holding 35% equity interest in Helenium and a former director of SRI who has resigned less than 6 months from the Proposed Subscription.

The other directors of Helenium are Ms Aryati Sasya Dato' Ahmad Sebi, a Non-Independent Non-Executive Director of ASB and Mr Anton Syazi Dato' Ahmad Sebi, who holds 25% equity interest in Helenium. Ms Aryati Sasya Dato' Ahmad Sebi is the daughter and Mr Anton Syazi Dato' Ahmad Sebi is the son of the Group Executive Chairman. Mr Anton Syazi Dato' Ahmad Sebi is also a director of ASP, the immediate holding company of SRI.

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

9. STATEMENT BY THE BOARD OF DIRECTORS

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

10. AUDIT COMMITTEE'S STATEMENT

The Audit Committee having considered all aspects of the Proposed Subscription, is of the opinion that the Proposed Subscription is in the best interests of the Company, fair, reasonable and on normal commercial terms for the Group's investment, and is not detrimental to the interest of the minority shareholders of ASB.

11. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the Proposed Subscription is 4.67% pursuant to paragraph 10.02(g) of the Main LR.

This announcement is dated 30 July 2014.