

ADVANCE SYNERGY BERHAD (“ASB” OR “THE COMPANY”)

Proposed disposal of all that piece of freehold land held under GRN 177486, Lot 38271, Pekan Baru Hicom, Daerah Petaling, Negeri Selangor together with the buildings as well as fixtures and fittings erected and affixed thereon

1. INTRODUCTION

The Board of Directors of ASB (“Board”) wishes to announce that its indirect wholly-owned subsidiary, AESBI Power Systems Sdn Bhd (Company No.: 336668-T)(“Vendor”), had on 10 May 2019 entered into a conditional Sale and Purchase Agreement (hereinafter referred to as “SPA”) with Symphony Warehouse Sdn Bhd (Company No. 1322075-V)(“Purchaser”) for the proposed disposal of all that piece of freehold land held under GRN 177486, Lot 38271, Pekan Baru Hicom, Daerah Petaling, Negeri Selangor (the “Land”) together with that the buildings and structures erected on the Land and fixtures and fittings (excluding those which are listed by the Vendor and given to the Purchaser prior to completion of the SPA) erected and affixed thereon (collectively, the “Property”) for a cash consideration of Ringgit Malaysia One Hundred and Twenty Four Million (RM124,000,000) only (“Purchase Price”), subject to the terms and conditions as stipulated in the SPA (“Proposed Disposal”).

Further details of the Proposed Disposal are set out in the ensuing sections.

2. INFORMATION ON THE PROPOSED DISPOSAL

2.1 Information on the Property

The Property is situated within an established industrial area of Section 22 of Shah Alam, which is sited off the left side of the Federal Highway, travelling from Kuala Lumpur city centre towards Klang town. It is located approximately 32 kilometres due south-west of Kuala Lumpur city centre. Shah Alam city centre and Klang town are located about 6 kilometres and 15 kilometres due north-west and west of the subject property respectively. The HICOM interchange of the Shah Alam Expressway (commonly known as KESAS Highway) is located about 4 kilometres due south of the subject property. The Ebor interchange of the North-South Expressway Central Link (commonly known as ELITE Highway) is located about 4 kilometres due east of the subject property.

The Property fronts onto Pesiaran Jubli Perak and is accessible from the Federal Highway by exiting at the Persiaran Tengku Ampuan, all being well-maintained metalled roads. Alternatively, it is also accessible via the KESAS Highway by exiting at the HICOM Interchange onto Persiaran Kuala Selangor and Persiaran Tengku Ampuan. Properties in the immediate vicinity comprise mainly vacant parcels of industrial land, semi-detached factories, individually designed detached industrial premises and commercial shop/offices.

Other information on the Property are summarised as follows:-

Lot no.	Lot 38271, Pekan Baru Hicom, Daerah Petaling, Negeri Selangor.
Title no.	GRN 177486.
Postal address	No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.
Land area	61,491 square metres.
Tenure	Interest in perpetuity.
Total gross floor area	25,846 square metres.
Total lettable space	24,285 square metres.
Total lettable space available for letting and the occupancy	24,285 square metres and 100% respectively.
Percentage of occupancy	95%.

Total rental chargeable	About RM160,000 per month.
Approximate age of buildings	25 years.
Category of Land Use	Perusahaan.
Registered proprietor	AESBI POWER SYSTEMS SDN BHD.
Express condition	Perusahaan.
Restriction-in-interest	Nil.
Encumbrance	Charged twice to CIMB Bank Berhad ("Chargee"), registered on 24 August 2015 and 1 March 2018 respectively.
Endorsement	Nil.
Audited Net Book Value as at 31 December 2018	RM31,552,243
Market value	RM110,000,000
Existing use	Offices and factory/warehouse.
Impact on operational work	The Proposed Disposal will not affect the day-to-day operational work in offices materially with orderly relocation during the Term as described under item 2.5.1(d) below. The factory/warehouse for the bus-body fabrication operation will also be relocated during the said Term without material interruption.

2.2 Information on Vendor and Purchaser

2.2.1 Information on Vendor

The Vendor was incorporated on 20 March 1995 in Malaysia as a private limited company. Its registered address and principal place of business is located at Level 3, East Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan. The principal activities are property investment and management services. The Vendor, with a total issued share capital of RM11,000,000, is a wholly-owned indirect subsidiary of ASB held via Advance Synergy Capital Sdn Bhd, a wholly-owned subsidiary of ASB.

2.2.2 Information on Purchaser

The Purchaser was incorporated on 12 April 2019 in Malaysia as a private limited company. Its registered address and principal place of business is at Suite 12.05, Level 12 Centrepoint North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia. The principal activities are to develop, lease and operate warehouse and related facilities. The Purchaser is a wholly-owned subsidiary of Mapletree Dextra Pte. Ltd., which is in turn a subsidiary of Mapletree Investments Pte Ltd.

2.3 Basis of arriving at the Purchase Price

The Purchase Price was arrived at on a willing-buyer willing-seller basis through direct negotiation after taking into consideration of the following:-

2.3.1 the market value of the Property based on the valuation by the Valuer as defined in item 2.6 below as at 21 February 2019 of RM110,000,000; and

2.3.2 the latest audited net book value of the Property of RM31,552,243 as at 31 December 2018.

The Purchase Price shall be satisfied by cash.

2.4 Liability to be assumed

Save for any liabilities that may accrue to the Purchaser under the SPA and the Licence stated below, the Purchaser will not assume any other liabilities, contingent liabilities or guarantees pursuant to the transaction contemplated under the Proposed Disposal by the Vendor.

2.5 Salient terms of the SPA

2.5.1 The sale of the Property by the Vendor to the Purchaser shall be on the following basis:-

- a. on "as is where is" basis;
- b. free from all encumbrances;
- c. with legal possession;
- d. that on Completion as defined in item 2.5.4 below, the Purchaser (as "Licensor") will, at the payment of RM1.00 as licence fee from the Vendor, grant a short term licence to the Vendor (as "Licensee") to occupy the Property (and the Licensee will, in turn, grant the tenants under existing tenancies (as "Sub-Licensees") a short term sub-licence (each a "Sub-Licence") to occupy and use their respective demised premises in the Property) for the duration of the Term (i.e. nine (9) months commencing on the completion date of the SPA which fall on any business day after the date the last condition precedent of the SPA is fulfilled or waived but no later than the seventh (7th) business day as notified by the Purchaser to the Vendor in writing (or such other period as may be agreed between the parties hereto) ("Completion Date")) so that the Licensee and Sub-Licensees may move out of the Property in an orderly manner. Other salient terms and conditions of the licence agreement ("Licence Agreement") are set out in item 2.5.9 below; and
- e. subject to all restrictions-in-interest (if any) and conditions of title, whether express or implied, attached to or affecting the title for the Property.

2.5.2 The Purchaser shall pay the Purchase Price in the following manner:-

- a. the Purchaser shall pay the following sums totalling Ringgit Malaysia Twelve Million and Four Hundred Thousand (RM12,400,000) only amounting to ten per cent (10%) of the Purchase Price as Deposit in the following manner:-
 - i. RM8,680,000 (equivalent to seven per cent (7%) of the Purchase Price) to the Vendor's Solicitors as stakeholder on the fifth (5th) Business Day after the date of the SPA; and
 - ii. RM3,720,000 (equivalent to three per cent (3%) of the Purchase Price) to the Purchaser's Solicitors as stakeholder on the fifth (5th) Business Day after the date of the SPA. This amount is paid towards part discharge of Vendor's liability for real property gains tax ("RPGT") and is referred to as the "RPGT Retention Sum".

The Deposit is paid as security for performance of the covenants and obligations of Purchaser under the SPA and shall, on the Completion Date, be treated as having been paid towards part payment of the Purchase Price; and

- b. the Purchaser shall pay the balance purchase price of Ringgit Malaysia One Hundred and Eleven Million and Six Hundred Thousand (RM111,600,000) only amounting to ninety per cent (90%) of the Purchase Price ("Balance Purchase Price") comprising (A) the amount payable to the Chargee for the redemption of the Property as at the time of payment as stated on the Chargee's redemption statement cum undertaking ("Redemption Sum"), and (B) the amount by which the Balance Purchase Price exceeds the Redemption Sum ("Balance Sum"), to the Vendor's solicitors as stakeholder on the Completion Date in exchange for any outstanding transfer documents (other than the discharge documents) **PROVIDED ALWAYS -**
- i. the Vendor shall have delivered a valid and effective Chargee's redemption statement cum undertaking before the date the last condition precedent is fulfilled or waived for redemption to take place at or about the time for completion, failing which, the time for payment of the Balance Purchase Price shall be extended free of any Late Payment Interest as defined in item 2.5.2(c) below, for each day of delay on the part of the Vendor to deliver such valid and effective Chargee's redemption statement cum undertaking; and
- ii. the Redemption Sum set out in the Chargee's redemption statement cum undertaking shall be less than the Balance Purchase Price and if it should be more than the Balance Purchase Price, the Vendor having paid the shortfall to the Vendor's solicitors, failing which, the time for payment of the Balance Purchase Price shall be extended free of any Late Payment Interest, for each day of delay on the part of the Vendor to pay the shortfall or any part thereof,
- c. Notwithstanding item 2.5.2(b) above, if the Purchaser should fail to pay the Balance Purchase Price or any part thereof by the scheduled Completion Date (taking into account any extension of time allowed under items 2.5.2(b)(i) and (ii) above), the Vendor agrees that the Purchaser shall nevertheless be entitled to an automatic extension of one (1) month ("Extended Completion Period") to pay the Balance Purchase Price (or any part thereof) on condition that the Purchaser pays late payment interest at the agreed rate of eight per cent (8%) per annum calculated daily on actual days elapsed and on the basis of a three hundred and sixty five (365) day year ("Late Payment Interest") on the amount due but remaining unpaid until the date of full and final settlement thereof. Such Late Payment Interest shall be paid together with the Balance Purchase Price (or the outstanding part thereof) on the Completion Date falling within the Extended Completion Period.

Completion shall take place within seven (7) Business Days from date of satisfaction (or waiver) of the last of the conditions (the "Conditions Precedent") in item 2.5.3 below (as extended where applicable).

2.5.3 The Proposed Disposal is subject to and conditional upon the fulfilment and satisfaction of all the following conditions precedent ("Conditions Precedent") within six (6) months commencing from the date of the SPA (as extended from time to time by agreement of the parties in writing) ("Conditional Period"):-

- a. the Purchaser having obtained at its own cost and expense the clearance/confirmation in writing of the Ministry of Economic Affairs ("MEA") that approval in writing of MEA to the Purchaser is not required for the Proposed Disposal ("MEA Clearance"); or if required, to obtain such MEA's approval on terms acceptable to the Purchaser ("MEA Approval");

- b. the Purchaser having obtained at its own cost and expense the consent in writing of the state authority of the State of Selangor ("State Authority") to the Purchaser on acquiring the Land from the Vendor as required under Section 433B of the National Land Code, 1965 on terms acceptable to the Purchaser ("State Consent");
- c. ASB, the Vendor's ultimate holding company, having obtained at its own cost and expense the approval of its shareholders at a general meeting for the Proposed Disposal ("ASB Shareholders' Approval"); and
- d. the Vendor having procured the letter from its neighbour on the termination of the sharing/usage of the common sewerage tank built on the Land.

2.5.4 Completion shall take place at the time when the Balance Purchase Price (together with all Late Payment Interest, if any, thereon) is paid by the Purchaser under item 2.5.2(b) or item 2.5.2(c) as the case may be, at which point of time legal possession of the Property shall be deemed to have been delivered to the Purchaser ("Completion").

2.5.5 If:-

- a. the Purchaser should fail to pay an amount due to the Vendor in accordance with the provisions of the SPA save and except where any such failure is due or attributable to an act or default of the Vendor; or
- b. the Purchaser should fail to perform any material obligation on its part herein contained (other than that provided in (a) above) and if such failure is capable of remedy, the Purchaser having failed to remedy the same to the reasonable satisfaction of the Vendor within ten (10) business days from date of written notice from the Vendor to the Purchaser requesting remedy thereof; or
- c. any of the Purchaser's warranties in the SPA shall at any time be found to be incorrect in any material aspect,

then the Vendor shall be entitled to the remedy at law for specific performance or otherwise, to damages (capped however at an amount not exceeding the agreed liquidated damages stated in item 2.5.6(a) below). Alternatively, at the election of the Vendor, the Vendor may terminate the SPA by notice in writing to the Purchaser.

2.5.6 If the Vendor issues a notice of termination in accordance with item 2.5.5 above, the following shall take place in the following order:-

- a. the Vendor shall forfeit the Deposit absolutely as agreed liquidated damages, whereupon the Purchaser's Solicitors shall pay the RPGT Retention Sum together with interest earned thereon to the Vendor if the RPGT Retention Sum has not been paid to the Director General of Inland Revenue Malaysia ("DGIR") (or if paid to DGIR, the Vendor shall seek a full refund of the same from DGIR) and the Vendor's solicitors shall pay the Balance Deposit together with interest earned thereon to the Vendor if such amount has not been earlier released to the Vendor;
- b. the Vendor's solicitors are instructed and directed by the parties to refund to the Purchaser, free of interest, any other sum paid by the Purchaser (after payment of the Balance Deposit) towards full refund of all other amounts (if any) paid by the Purchaser towards the Purchase Price, which payment shall be made within seven (7) business days from the date of notice of termination issued by the Vendor;

- c. the Purchaser shall perform the Purchaser's termination obligations, such as to withdraw the caveat lodged by the Purchaser over the Property at its own cost and expense and to return all transfer documents (other than the valid and registrable (but unstamped) memorandum of transfer in relation to the Land duly executed by the Vendor as transferor in favour of the Purchaser as transferee ("Transfer")) given by the Vendor. In relation to the Transfer, the Purchaser shall be entitled to deliver the same to the Collector of Stamp Duties for cancellation and for the refund of stamp duty paid thereon and the Purchaser shall not be obliged to return the Transfer to the Vendor until the receipt of the same from the Collector of Stamp Duties ("Purchaser's Termination Obligations");
- d. Purchaser's Termination Obligations within seven (7) business days from the date on which it receives all amount due and payable to it under item 2.5.6(b) above; and
- e. thereafter the SPA shall be null and void and of no further effect whatsoever and neither party hereto shall have any claim whatsoever against the other (save and except for antecedent breach). The Vendor shall thereafter be at liberty to sell or otherwise deal with the Property in any manner as the Vendor deems fit without reference to the Purchaser.

2.5.7 If:-

- a. the Vendor should fail to perform any material obligation on its part herein contained and if such failure is capable of remedy, the Vendor having failed to remedy the same to the reasonable satisfaction of the Purchaser within ten (10) business days from date of written notice from the Purchaser to the Vendor requesting remedy thereof; or
- b. any of the Vendor's warranties in the SPA shall at any time be found to be incorrect in any material aspect,

then the Purchaser shall be entitled to the remedy at law for specific performance or otherwise, to damages (capped however at an amount not exceeding the agreed liquidated damages stated in item 2.5.8(e) below). Alternatively, at the election of the Purchaser, the Purchaser may terminate the SPA by notice in writing to the Vendor.

2.5.8 If the Purchaser issues a notice of termination in accordance with item 2.5.7 above, the following shall take place in the following order:-

- a. the Purchaser's solicitors or the Vendor, as the case may be, shall effect the return of RPGT Retention Sum in accordance with the terms of the SPA ("RPGT Retention Sum Refund") to the Purchaser;
- b. the Vendor's solicitors shall refund the Balance Deposit free of interest to the Purchaser and pay the interest earned thereon to the Vendor, or if the Balance Deposit has been paid to the Vendor, the Vendor shall refund the Balance Deposit free of interest to the Purchaser within seven (7) business days from the date of the notice of termination issued by the Purchaser ("Purchaser's Termination Notice Date"), failing which the Purchaser shall be entitled to charge the Vendor Late Payment Interest on the amount due but remaining unpaid from due date until the date of full and final settlement thereof;
- c. the Vendor shall procure the Chargee to refund the Redemption Sum to the Purchaser in accordance with the provisions of Chargee's redemption statement cum undertaking, failing which the Vendor shall refund such amount;

- d. to the extent any part of the Balance Sum is paid to the Vendor's solicitors and is still in its custody, the Vendor's solicitors shall refund to the Purchaser all such sums paid by the Purchaser free of interest and pay the Vendor the interest earned thereon and if any part of the Balance Sum has been released to the Vendor, the Vendor shall refund the Balance Sum to the Purchaser free of interest within seven (7) business days from the Purchaser's Termination Notice Date, failing which the Purchaser shall be entitled to charge the Vendor Late Payment Interest on the amount due but remaining unpaid from due date until the date of full and final settlement thereof;
- e. the Vendor shall pay to the Purchaser a further sum equal to the Deposit as agreed liquidated damages within seven (7) business days from the Purchaser's Termination Notice Date, failing which the Purchaser shall be entitled to charge the Vendor Late Payment Interest on the amount due but remaining unpaid from due date until the date of full and final settlement thereof;
- f. the Purchaser shall perform the Purchaser's Termination Obligations within seven (7) business days from the date on which it receives all amounts due and payable to it under items 2.5.8(a), (b), (c), (d) and (e) above; and
- g. thereafter the SPA shall be null and void and of no further effect whatsoever and neither party hereto shall have any claim whatsoever against the other (save and except for antecedent breach). The Vendor shall thereafter be at liberty to sell or otherwise deal with the Property in any manner as the Vendor deems fit without reference to the Purchaser.

2.5.9 Other Salient Terms and Conditions of the Licence Agreement

The Licence is given, amongst others, on the following basis:-

- a. the Licensee shall accept the Property on "as-is where-is" basis with no claim against the Licensor as to the state, condition or any failure or breakage in the Buildings;
- b. save for the sub-licences granted to the Sub-Licensees, the Licensee shall not let out any part of the Property, or grant any licence in connection therewith, or in any other manner whatsoever allow any other person into possession of the Property or any part thereof or allow any other person to store any article or object on the Property or any part thereof and the Licensee shall be entitled to retain any rental in respect of any part of the Property paid by the Sub-Licensee (if any);
- c. the Licensee shall not grant any interest, right or option that would entitle the holder thereof to have any interest, right or option over the Property or any part thereof or attempt to do any of the above;
- d. the Licensee shall take out and maintain, at its own cost and expense, a comprehensive public liability insurance policy against claims for personal injury, death or property damage or loss arising out of all operations of the Licensee and the Sub-Licensees at the Property in an amount not less than Ringgit Malaysia Two Million Five Hundred Thousand (RM2,500,000) only; and
- e. the Licensee shall procure that the Licensor is named as an additional insured under the insurance policy taken out by it under item 2.5.9(d) above;

- f. Notwithstanding anything stated in the Licence Agreement, the Licensor shall be entitled to terminate the Licence Agreement if:-
 - i. the Licensee materially breaches the terms in the Licence Agreement or if Licensor receives any direction of the appropriate authorities that the activities of the Licensee or any Sub-Licensee on the Property is required to cease; or
 - ii. the Property or any part thereof shall be damaged or destroyed by fire, floods, storm, tempest, earthquake, land slips, earth or soil movement, bad weather, Acts of God, civil war, riots or any other natural disaster during the Term.
- g. On termination due to item 2.5.9(f) above, the Licensee shall have thirty (30) days (or such shorter period as may be imposed by the appropriate authority) to re-deliver vacant possession of the Property to the Licensor.

2.6 Information on the valuation

Jones Lang Wootton (“Valuer”) was appointed by ASB to conduct an independent valuation on the Property for corporate purpose and the basis of valuation adopted is the Market Value which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

The Valuer ascribed a Market Value of RM110,000,000.00 (Ringgit Malaysia One Hundred Ten Million Only), as at the date of valuation of 21 February 2019 based on the Cost Approach of Valuation.

The Cost Approach which is defined as the aggregate amount of the value of the land component and the depreciated replacement cost of the buildings and other site improvements, allowing for depreciation. In arriving at the value of the land component, comparison is made of the property under valuation with sales of other similar properties. Where dissimilarities exist, adjustments are made. The replacement cost adopted is based on the Valuer’s checks with contractors and quantity surveyors. The said cost is further depreciated taking into consideration the age and condition of the buildings and the other site improvements.

2.7 Original cost and date of investment

The Vendor’s original cost and date of investment in the Land and buildings erected thereon are as follows:-

Date of investment	Original cost of investment (RM)
3 June 2003	RM39,990,182

2.8 Estimated gain to the Group

Based on the Purchase Price of Ringgit Malaysia One Hundred and Twenty Four Million (RM124,000,000) only, the Group is expected to record a net gain of approximately RM81.82 million after the Proposed Disposal taking into account the following:-

2.8.1 net book value of the Property as at 31 December 2018; and

2.8.2 estimated expenses in relation to the Proposed Disposal which include RPGT , professional fees and fees and expenses to convene a general meeting such as printing and despatch of circular.

3. PROPOSED UTILISATION OF PROCEEDS FROM THE PROPOSED DISPOSAL

The proceeds from the Proposed Disposal are intended to be utilised to finance the working capital of ASB and its subsidiaries (collectively, "Group" or "ASB Group") and expenses (including RPGT) in relation to the Proposed Disposal totalling approximately RM62.51 million and to pare down the borrowings of the Group by repaying a sum of about RM61.49 million to the Chargee of the Property.

Purpose	Notes	RM'million
Repayment of borrowings	(1)	61.49
Working capital	(2)	51.88
Estimated expenses for the Proposed Disposal	(3)	10.63
Total		124.00

Notes:-

- (1) Repayment of borrowings to the Chargee of the Property.
- (2) The proceeds from the Proposed Disposal for working capital of approximately RM51.88 million are expected to be utilised for amongst others, any or all of the following:-
 - (i) refurbishment and renovation of hotel properties to ensure competitiveness in the market.
 - (ii) refurbishment and renovation of the recently acquired two (2) units of detached commercial building located at Jalan Yap Ah Shak, Kuala Lumpur and Temasya Glenmarie, Shah Alam to maximise the income and value of the investments.
 - (iii) implementation of the new roadmaps and business plans for strategic development and growth of our subsidiaries namely, Paydee Sdn Bhd and Qurex Sdn Bhd.
- (3) Estimated expenses comprises professional fees, RPGT and incidental expenses in relation to the Proposed Disposal. Any shortfall or excess in the funds allocated for estimated expenses will be funded from or used for working capital of the Group.

In the event that the Proposed Disposal could not be completed, our Group would utilise its internally generated resources and/or alternative method of funding to implement any of the proposed activities as stated above.

The actual utilisation has not been determined at this juncture and may differ at the time of utilisation. The expected timeframe for utilisation of proceeds is within 12 months from the completion of the Proposed Disposal.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal provides an opportunity for the Group to unlock the immediate value of the Property at a value higher than the net book value of the Property and proceeds from the Proposed Disposal will strengthen the cash flow position of the Group.

5. EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal are set out below:-

5.1 Share capital and shareholdings of substantial shareholders

The Proposal will not have any effect on the share capital and substantial shareholders' shareholdings of ASB as the Proposed Disposal does not involve any issuance of shares or other securities by the Company.

5.2 Earnings and earnings per share (“EPS”)

The Proposed Disposal is expected to result in a net gain of approximately RM 81.82 million or 8.81 sen per ordinary share. The proforma effects on ASB Group’s audited consolidated financial statements for the year ended 31 December 2018 after taking into consideration the estimated expenses (inclusive of RPGT) arising from the Proposed Disposal of approximately RM10.63 million are set out below for illustrative purpose:-

	Audited 31 December 2018	After the Proposed Disposal
Net profit/(loss) attributable to the owners of the Company (RM’000)	(4,897)	76,918
No. of ASB shares in issue (’000)	929,195	929,195
Earnings/(Loss) per share (sen)	(0.53)	8.28

5.3 Net Assets (“NA”) and gearing

For illustrative purpose, based on the audited consolidated financial statements of ASB for the financial year ended 31 December 2018, the proforma effects of the Proposed Disposal on the NA and gearing of ASB Group are shown as follows:-

	Audited as at 31 December 2018	Adjusted as at 31 December 2018	After the Proposed Disposal
	RM’000	RM’000	RM’000
Share capital	381,377	381,377	381,377
Other reserves	24,084	24,084	24,084
Retained earnings	16,725	16,725	⁽²⁾ 98,540
Equity attributable to shareholders of ASB	422,186	422,186	504,001
Non-controlling interests	64,705	64,705	64,705
Total equity	486,891	486,891	568,706
Number of ASB shares in issue (’000)	929,195	929,195	929,195
NA per ASB share (RM)	0.45	0.45	0.54
Total borrowings (RM’000)	143,911	⁽¹⁾ 168,911	⁽³⁾ 107,421
Gearing (times)	0.30	0.35	0.19

Notes:-

- (1) After incorporating the drawdown of bank facilities of RM25.0 million in April 2019 pursuant to letter of offer dated 6 March 2019.
- (2) After taking into consideration the estimated gain on disposal of approximately RM81.82 million after providing for estimated expenses (including RPGT) for the Proposed Disposal of approximately RM10.63 million.
- (3) After repayment of the bank borrowings of approximately RM61.49 million to the Chargee of the Property.

6. RISK FACTORS

6.1 Non-completion or delay in completion risk

If any of the terms and conditions of the SPA is not fulfilled or waived within the stipulated period as stated in the SPA, the Proposed Disposal may be delayed or terminated. In the event the SPA is terminated by the Vendor due to default of the Purchaser, the Deposit will be forfeited in the manner as set out in the SPA and any sum paid in excess to the Deposit shall be refunded to the Purchaser as set out in the SPA. Thereafter, the SPA shall be null and void and of no further effect whatsoever and neither party shall have any claim whatsoever against the other (save and except for antecedent breach). The Vendor shall thereafter be at liberty to sell or otherwise deal with the Property in any manner as the Vendor deems fit without reference to the Purchaser.

In the event the SPA is terminated by the Purchaser due to default of the Vendor, all sums paid by the Purchaser shall be refunded in the manner as set out in the SPA and the Vendor shall pay to the Purchaser a further sum equal to the Deposit as agreed liquidated damages. Thereafter, the SPA shall be null and void and of no further effect whatsoever and neither party shall have any claim whatsoever against the other (save and except for antecedent breach). The Vendor shall thereafter be at liberty to sell or otherwise deal with the Property in any manner as the Vendor deems fit without reference to the Purchaser.

Nevertheless, our Board will take all reasonable steps to ensure that the terms and conditions of the SPA are met within the stipulated timeframe and that every effort is taken to complete the Proposed Acquisition in a timely manner.

6.2 Non-approval by regulatory authorities

The Proposed Disposal is subject to the approval(s), consent(s), clearance(s) and/or confirmation(s) of the relevant authorities as set out in item 7 below. There is no assurance that such approval(s), consent(s), clearance(s) and/or confirmation(s) will be successfully obtained within the scheduled timeframe for the Proposed Disposal and the terms and conditions imposed on such approvals will be acceptable to the Purchaser.

Nevertheless, our Board will endeavour to fulfil all its obligations and render all such assistance as shall be necessary or appropriate to the Purchaser including engaging with the relevant authorities to obtain the said approval(s), consent(s), clearance(s) and/or confirmation(s) within the agreed timeframe.

7. APPROVALS REQUIRED

The Proposed Disposal is subject to the following being obtained:-

- 7.1 ASB Shareholders' Approval;
- 7.2 MEA Clearance or MEA Approval;
- 7.3 State Consent; and
- 7.4 The approval of any other relevant authorities and/or third parties, if required.

8. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED DISPOSAL

The Board expects the applications in relation to the Proposed Disposal to be submitted to the relevant authorities within one (1) month from the date of this announcement.

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed by fourth quarter of 2019.

9. HIGHEST APPLICABLE PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposal pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 29.37% based on the Group's latest audited consolidated financial statements for the year ended 31 December 2018.

10. DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS

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

11. STATEMENT BY DIRECTORS

The Board, having taken into consideration all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interests of the Group. Ms Lee Su Nie, the Group Managing Director, has voluntarily abstained and will continue to abstain from all deliberations and voting in relation to the Proposed Disposal at the relevant Board meetings for good governance as her brother-in-law is a director of the ultimate holding company of the Purchaser but without any shareholding.

12. DOCUMENTS FOR INSPECTION

The SPA, Licence Agreement and valuation report are available for inspection at the registered office of ASB at Level 3, East Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan from Mondays to Fridays (except public holidays) during normal office hours for a period of three (3) months from the date of this announcement.

This announcement is dated 10 May 2019.