

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

Further to the Company’s announcements dated 6 August 2018 and 19 July 2019 regarding the Proposed Disposal, the Board of Directors of ASB wishes to set out the following:-

1. INTRODUCTION

SRI had entered into a Share Purchase Agreement (“SPA”) dated 18 July 2019 with 34A-36 Kilburn High Road Limited (“KHRL” or “Purchaser”), a subsidiary of Grand City Property S.A. (“GCP”), to dispose of its entire investment of 40% equity interest (represented by 6,400,040 ordinary shares of USD1.00 each) in Helenium for a net cash consideration of GBP4.75 million (equivalent to approximately RM25.2 million) based on the estimated net asset value, after providing for amongst others, the Property value of GBP21.825 million and the repayment of the existing bank loan in Helenium, in the provisional completion accounts as at the Completion Date (as defined below) subject to the actual net asset value to be agreed by the parties pursuant to the provision in the SPA. EEH Ventures Limited, the proposed purchaser as announced on 6 August 2018 was the retained agent to GCP.

2. INFORMATION ON THE PROPOSED DISPOSAL

The Purchaser has offered on 3 August 2018 via a Memorandum of Sale to acquire the entire shares in Helenium for a total cash consideration of GBP21.825 million plus VAT, if applicable (“Offer Price”). The Offer Price is based on the Property value of GBP21.825 million without taking into consideration the current assets and current liabilities including the bank loans of Helenium as at the Completion Date. The offer price for SRI’s 40% investment in Helenium is GBP8.73 million (equivalent to approximately RM46.6 million) (“Disposal Consideration”).

The Offer Price and Disposal Consideration as announced on 6 August 2018 were arrived at on a willing buyer willing seller basis and after taking into consideration among others the cost of SRI’s investment in Helenium of approximately RM20.618 million as at 30 June 2018, the net book value of the Property of GBP20.336 million as at 30 June 2018 and the guide values obtained from valuers.

The remaining 60% equity interest in Helenium is held by Dato’ Ahmad Sebi Bakar (“DAS”) (Group Chairman of the Company) and Mr Anton Syazi Dato’ Ahmad Sebi (“AS”) (Group Executive Deputy Chairman of the Company). SRI, DAS and AS (collectively referred to as “Vendors”) and the Purchaser had entered into the SPA for the purchase by the Purchaser of all the issued shares in Helenium being the 16,000,100 issued shares with a par value of USD1.00 each (“Sale Shares”).

The Proposed Disposal was completed on 18 July 2019 (“Completion Date”) and Helenium has ceased to be our indirect associate company on the same date.

2.1 Information on Helenium

Prior to the completion of the Proposed Disposal, Helenium was a 40%-owned associate company of SRI (a 100%-owned indirect subsidiary of ASB). Helenium was incorporated on 16 December 2010 in the British Virgin Islands. The issued and paid up share capital of Helenium is £9,302,385, represented by 16,000,100 ordinary shares of USD1.00 each.

Helenium owns a freehold, modern mixed use building 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 located at 34A-36 Kilburn High Road, London NW6 5UA and registered at Land Registry with absolute title under title number NGL779489 ("Property"). Helenium's principal activities are property investment, management and rental of property.

The Property was constructed in 2006 and located at the southern 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.

For the financial year ended 31 March 2019, based on the unaudited accounts of Helenium, the income generated by Helenium was GBP971,610 comprising rental income of GBP967,538 and other income of GBP4,072 and a profit before tax of GBP301,171. The net assets of Helenium was GBP10,386,242 as at 31 March 2019. There is no valuation carried out on the Property for the Proposed Disposal.

2.2 Information on the Purchaser

KHRL is a private company limited by shares incorporated on 20 September 2018 in England and Wales. 100% of the shares of KHRL are controlled by GCP. GCP is a public limited company registered in Luxembourg and listed on the regulated segment of the Frankfurt Stock Exchange. The Director of KHRL is Mr Erez Frisch.

2.3 Salient terms of the SPA

- a. The Sale Shares will be disposed to KHRL free from encumbrances and third party claims with full title guarantee and all rights and benefits attached or accruing to them as at completion of the Proposed Disposal.
- b. Unless expressly provided otherwise, the Vendors are jointly and severally liable for their obligations, undertakings and liabilities under the SPA.
- c. The disposal price for the Sale Shares ("Disposal Price") shall be an amount equal to the estimated net asset value of GBP11,873,815 ("Estimated Net Asset Value") of Helenium as at the Completion Date based on the Property value of GBP21.825 million and the aggregate Current Assets less the aggregate Current Liabilities as at the Completion Date. Current Assets shall mean all trade debtors, other debtors, prepayments and cash at bank of Helenium and Current Liabilities shall mean all trade creditors and other debts (to the extent not repaid at Completion), including the indebtedness, rent received in advance, accruals, income tax, VAT and other taxes payable by Helenium.
- d. The Disposal Price shall be subject to adjustment as follows:-

If the Actual Net Asset Value (being the net asset value as defined in the SPA as at the Completion Date as agreed between the Purchaser and the Vendors in accordance with the SPA) exceeds or is less than the Estimated Net Asset Value, the Disposal Price shall be increased or reduced respectively on a pound for pound basis and the Purchaser shall pay to the Vendors an amount equal to the excess or the Vendors shall pay to the Purchaser an amount equal to the shortfall accordingly. No further payment shall be due from the parties if the Actual Net Asset Value is equal to the Estimated Net Asset Value.

- e. The Vendors shall contribute 50% of the costs of the premium payable by the Purchaser in respect of the warranty and indemnity insurance policy to be put on notice by the Purchaser to insure against the warranty claims or tax covenant claims in the SPA.
- f. An amount of GBP200,000 shall be retained from the consideration payable to the Vendors in the escrow account in the name of the Purchaser's solicitors in accordance with the terms of the SPA.

Other than warranties, covenants and obligations of SRI in the SPA, no liability, including contingent liabilities will remain with SRI and/or ASB and no guarantees have been given by SRI and/or ASB to KHRL.

2.4 Original cost and date of investment

SRI's original cost and date of investment in Helenium are as follows:-

Date of investment	Original cost of investment (RM)
Between 29/4/2014 and 1/10/2014	20,618,436

3. Proposed utilisation of proceeds from the Proposed Disposal

The net cash consideration of GBP4.75 million (equivalent to approximately RM25.2 million) shall be utilised for the working capital of ASB Group. 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. Financial effects

The Proposed Disposal is expected to result in a gain of approximately RM0.7 million to ASB Group after taking into consideration the share of profit of Helenium since our announcement on 6 August 2018 to 31 March 2019.

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

The proforma effect of the Proposed Disposal on the net assets per share and gearing level of ASB Group is not expected to be material based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2018.

5. Approval Required

The Proposed Disposal is not subject to any approval of the shareholders of ASB.

The highest percentage ratio pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 10.77% and 10.99% based on the audited consolidated financial statements of the Company for financial year ended 31 December 2017 and 31 December 2018 respectively.

6. Rationale

The Proposed Disposal will enable the Group to realise cash to strengthen the cash flow position of the Group and have ready capacity for any high potential investment or acquisition.

7. Directors' and major shareholders' interest in the Proposed Disposal

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, save for Dato' Ahmad Sebi Bakar (Group Chairman) and Mr Anton Syazi Dato' Ahmad Sebi (Group Executive Deputy Chairman) who are the directors and shareholders of Helenium.

8. Directors' statement

The Board of Directors, after due consideration of all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of ASB Group.

This announcement is dated 23 July 2019.