

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. You should rely on your own evaluation to assess the merits and risks of the Proposals (as defined herein).

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. Bursa Securities has not perused the contents of this Circular in relation to the Proposed Exemption (as defined herein).

The Securities Commission Malaysia (“**SC**”) had on 17 June 2022 notified that it has no further comments to the contents of this Circular in relation to the Proposed Exemption (as defined herein) and the independent advice letter (“**IAL**”) for the Proposed Exemption (as defined herein). However, such notification shall not be taken to suggest that the SC recommends with the Proposed Exemption (as defined herein) and agrees with the recommendation of the independent adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Circular and the IAL. The SC is not responsible for the contents of this Circular, does not represent that this Circular is accurate or complete and disclaims any liability for any loss arising from, or due to, your reliance on this Circular.



ADVANCE SYNERGY BERHAD
(Registration No.: 192001000024 (1225-D))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED RIGHTS ISSUE (AS DEFINED HEREIN), PROPOSED EXEMPTION (AS DEFINED HEREIN) AND PROPOSED SGS (AS DEFINED HEREIN), COLLECTIVELY REFERRED TO AS THE “PROPOSALS”

PART B

INDEPENDENT ADVICE LETTER BY THE INDEPENDENT ADVISER TO THE NON-INTERESTED SHAREHOLDERS OF ADVANCE SYNERGY BERHAD (“ASB”) IN RELATION TO THE PROPOSED EXEMPTION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



Financial Adviser



NEWFIELDS ADVISORS SDN BHD
(Registration No. 199401010372 (296051-V))

Independent Adviser



The Extraordinary General Meeting (“**EGM**”) of ASB will be held and conducted by way of virtual meeting entirely through live streaming and online remote voting via the Remote Participation and Voting Facilities from the Dvote Online operated by Dvote Services Sdn Bhd at the Board Room, Ground Floor, Synergy 9, 9 Jalan Kajibumi U1/70, Temasya Glenmarie, 40150 Shah Alam, Selangor, Malaysia via the link at <https://www.DigitizeVote.my> on Friday, 29 July 2022 at 10:00 a.m. or any adjournment thereof.

The Proxy Form should be lodged at the Registered Office of ASB at Ground Floor, Synergy 9, 9 Jalan Kajibumi U1/70, Temasya Glenmarie, 40150 Shah Alam, Selangor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from participating and voting at the EGM should you subsequently wish to do so.

IMPORTANT DATES

Last date and time for lodging the Proxy Form : Wednesday, 27 July 2022 at 10:00 a.m. or any adjournment thereof
Date and time for the EGM : Friday, 29 July 2022 at 10:00 a.m. or any adjournment thereof

This Circular is dated 30 June 2022

PART A

- (I) PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,858,389,886 NEW ORDINARY SHARES IN ADVANCE SYNERGY BERHAD (“ASB”) (“RIGHTS SHARES”) ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN ASB (“ASB SHARE”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”);**
- (II) PROPOSED EXEMPTION FOR DATO’ AHMAD SEBI BAKAR AND THE PERSONS ACTING IN CONCERT WITH HIM, NAMELY SUASANA DINAMIK SDN BHD, BRIGHT EXISTENCE SDN BHD, ARYATI SASYA DATO’ AHMAD SEBI, ANTON SYAZI DATO’ AHMAD SEBI AND EIGHTH REVIEW (M) SDN BHD, UNDER SUBPARAGRAPH 4.08(1)(B) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR THE REMAINING ASB SHARES NOT ALREADY OWNED BY THEM, UPON THE COMPLETION OF THE PROPOSED RIGHTS ISSUE (“PROPOSED EXEMPTION”); AND**
- (III) PROPOSED ESTABLISHMENT OF A SHARE GRANT SCHEME OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF ASB (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT OF TIME DURING THE DURATION OF THE SCHEME FOR THE ELIGIBLE DIRECTOR(S) AND/OR EMPLOYEE(S) OF ASB AND ITS SUBSIDIARIES (“ASB GROUP”) (EXCLUDING SUBSIDIARY(IES) LISTED ON ANY STOCK EXCHANGE AS WELL AS ITS GROUP OF COMPANIES, AND ANY DORMANT SUBSIDIARY(IES) OF THE ASB GROUP) (“PROPOSED SGS”)**

PART B

INDEPENDENT ADVICE LETTER BY THE INDEPENDENT ADVISER TO THE NON-INTERESTED SHAREHOLDERS OF ASB IN RELATION TO THE PROPOSED EXEMPTION

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DEFINITIONS

In this Circular, unless otherwise indicated, the following words and abbreviations shall have the following meanings:-

“Act”	: The Companies Act 2016
“ADR”	: Average daily rate
“Anton Syazi”	: Anton Syazi Dato’ Ahmad Sebi
“Aryati Sasya”	: Aryati Sasya Dato’ Ahmad Sebi
“ASB” or the “Company”	: Advance Synergy Berhad (192001000024 / 1225-D)
“ASB Group” or the “Group”	: ASB and its subsidiaries, collectively
“ASB Share(s)” or “Share(s)”	: Ordinary share(s) in the Company
“B2B”	: Business to Business
“BESB”	: Bright Existence Sdn Bhd (199301003413 / 258150-H)
“Blueprint”	: Malaysia Digital Economy Blueprint
“BNM”	: Bank Negara Malaysia
“Board”	: Board of Directors of ASB
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (198701006854 / 165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (200301033577 / 635998-W)
“By-Laws”	: By-laws governing the Proposed SGS
“CDS”	: Central depository system
“Circular”	: This circular dated 30 June 2022 to the shareholders of ASB in relation to the Proposals
“COVID-19”	: Coronavirus 2019
“DASB” or “Undertaking Shareholder”	: Dato’ Ahmad Sebi Bakar
“EGM”	: Extraordinary general meeting
“Effective Date”	: Being the date on which the last of the approvals and/or conditions as set out in the By-Laws shall have been obtained and/or complied with
“Eligible Person(s)”	: Eligible director(s) of the Company and/or employee(s) of the ASB Group (excluding subsidiary(ies) listed on any stock exchange as well as its group of companies, and any dormant subsidiary(ies) of the Group) who meet the eligibility criteria for participation in the Proposed SGS
“Entitled Shareholders”	: Shareholders of ASB whose names appear in the Record of Depositors at the close of business on the Entitlement Date
“Entitlement Date”	: The date to be determined and announced by the Board after the approvals from the relevant authorities and shareholders of the Company have been obtained, for the purpose of determining the entitlements of the shareholders of ASB for the Proposed Rights Issue

DEFINITIONS (CONT'D)

“EPS”	: Earnings per Share
“ERSB”	: Eighth Review (M) Sdn Bhd (199301021090 / 275828-U)
“Excess Application”	: The excess application for unsubscribed Rights Shares by the Entitled Shareholders and/or their renouncee(s)/transferee(s)
“Fintech”	: Financial technology
“FPE”	: Three (3)-month financial period ended 31 March
“FYE”	: Financial year ended/ending 31 December
“Grant(s)”	: The grant of the SGS Shares made in writing by the SGS Committee to an Eligible Person in accordance with the By-Laws
“Grant Date”	: The date of the Grant made in writing by the SGS Committee to the Eligible Persons
“Grantee(s)”	: Eligible Person(s) selected by the SGS Committee to whom the Grant is made pursuant to the By-Laws
“ICT”	: Information and communications technology
“Independent Adviser” or “AIS”	: Alliance Islamic Bank Berhad (200701018870 / 776882-V)
“Indicative Issue Price”	: The indicative issue price of RM0.055 per Rights Share
“Interested Directors”	: All of the directors of the Company
“Interested Parties”	: Collectively, DASB and the PACs
“Issue Price”	: The issue price of Rights Share
“KAF IB” or “Principal Adviser”	: KAF Investment Bank Berhad (197401003530 / 20657-W)
“LAT”	: Loss after taxation
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 3 June 2022, being the latest practicable date prior to the printing of this Circular
“LPS”	: Loss per Share
“MAH”	: Malaysian Association of Hotels
“Mandatory Offer”	: The mandatory take-over offer for the remaining ASB Shares not already owned by DASB and the PACs
“Market Day”	: A day on which Bursa Securities is open for trading in securities
“Maximum Scenario”	: Assuming that the Proposed Rights Issue is implemented based on the assumption that all the Entitled Shareholders will fully subscribe for their respective entitlements under the Proposed Rights Issue at the Indicative Issue Price
“Maximum SGS Shares”	: The maximum number of ASB Shares which may be made available under the Scheme
“MFRS”	: Malaysian Financial Reporting Standards

DEFINITIONS (CONT'D)

“Minimum Scenario”	: Assuming that the Proposed Rights Issue is implemented based on the Minimum Subscription Level on the assumption that only DASB subscribes for the Rights Shares under the Proposed Rights Issue based on his Undertaking at the Indicative Issue Price
“Minimum Subscription Level”	: The minimum subscription level basis to raise a minimum gross proceeds of RM80.0 million pursuant to the Proposed Rights Issue
“NA”	: Net assets
“New Payment Application Services”	: The new mobile digital payment and cash flow management application services to be developed by the Group
“PACs”	: Persons acting in concert with DASB in relation to the Proposed Exemption as at the LPD, namely Anton Syazi, Aryati Sasya, SDSB, BESB and ERSB
“Paydee”	: Paydee Sdn Bhd (200501007471 / 684518-T), a wholly-owned subsidiary of ASB
“PayNet”	: Payments Network Malaysia Sdn Bhd (200801035403 / 836743-D), the national payments network and shared central infrastructure for Malaysia’s financial markets
“Proposals”	: Proposed Rights Issue, Proposed Exemption and Proposed SGS, collectively
“Proposed Exemption”	: Proposed exemption for DASB and the PACs, under subparagraph 4.08(1)(b) of the Rules from the obligation to undertake a Mandatory Offer, upon the completion of the Proposed Rights Issue
“Proposed Rights Issue”	: Proposed renounceable rights issue of up to 1,858,389,886 Rights Shares on the basis of two (2) Rights Shares for every one (1) existing ASB Share held by the Entitled Shareholders on the Entitlement Date
“Proposed SGS”	: Proposed establishment of a share grant scheme of up to ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the Scheme for the Eligible Persons
“Record of Depositors”	: A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“Report”	: Hotel Industry Survey Report June 2021
“Rights Shares”	: Up to 1,858,389,886 new Shares to be issued pursuant to the Proposed Rights Issue
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“RMB”	: Renminbi
“Rules”	: Rules on Take-Overs, Mergers and Compulsory Acquisitions, as amended from time to time
“Rules of Bursa Depository”	: The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991 as amended from time to time
“SC”	: Securities Commission Malaysia
“SDSB”	: Suasana Dinamik Sdn Bhd (199001006700 / 198270-A)
“SGS” or “Scheme”	: Share grant scheme

DEFINITIONS (CONT'D)

“SGS Committee”	: The committee to be established to implement and administer the Proposed SGS in accordance with the By-Laws
“SGS Period”	: The duration of the Scheme in accordance with the By-Laws
“SGS Share(s)”	: ASB Share(s) granted to the Grantee(s) pursuant to the Grant(s) under the Scheme which will be vested to the Grantee(s) in accordance with the By-Laws
“SMEs”	: Small and medium enterprises
“TERP”	: Theoretical ex-rights price
“Trust”	: A trust to be administered by the Trustee
“Trust Deed”	: A trust deed to be entered into between the Company and the Trustee
“Trustee”	: A trustee to be appointed by the Company
“UK”	: United Kingdom
“Undertaking”	: Irrevocable and unconditional written undertaking from the Undertaking Shareholder dated 1 April 2022 to subscribe in full for his entitlement for the Rights Shares under the Proposed Rights Issue and apply for the additional Rights Shares under Excess Application in order to meet the Minimum Subscription Level
“VWAMP”	: Volume weighted average market price

Words denoting the singular number only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice versa. Reference to persons shall include a body of persons, corporate or unincorporated (including a trust). Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated. Any reference to any statute is a reference to that statute as for the time being amended.

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EXECUTIVE SUMMARY

This Executive Summary only highlights the key information of Part A of this Circular. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Circular before making a decision on the Proposals.

<u>Key information</u>	<u>Description</u>	<u>Reference to Part A of the Circular</u>
Summary of the Proposals	(i) The Proposed Rights Issue, which will be undertaken on a renounceable basis, entails the issuance of up to 1,858,389,886 Rights Shares on the basis of two (2) Rights Shares for every one (1) ASB Share held by the Entitled Shareholders on the Entitlement Date at an issue price to be determined and announced by the Board at a later date.	Section 2.1
	(ii) Proposed exemption for DASB and the PACs, under subparagraph 4.08(1)(b) of the Rules from the obligation to undertake a Mandatory Offer, upon the completion of the Proposed Rights Issue.	Section 2.2 Section 2.3
	(iii) The Proposed SGS entails the establishment of a Scheme which involves the granting of SGS Shares to the Eligible Persons, who meet the eligibility criteria for participation in the Proposed SGS, in accordance with the provisions of the By-Laws.	
Minimum Subscription Level and shareholder's undertaking	<p>The Proposed Rights Issue will be undertaken on Minimum Subscription Level, which was determined after taking into consideration the minimum level of funds required by ASB for the purposes stated in Section 3.0, Part A of this Circular.</p> <p>Based on the Indicative Issue Price, the Minimum Subscription Level will be met via the issuance of 1,454,545,455 Rights Shares. Therefore, the Undertaking Shareholder shall subscribe in full for his entitlement for the 153,620,018 Rights Shares under the Proposed Rights Issue and apply for the additional 1,300,925,437 Rights Shares under Excess Application.</p>	Section 2.1.5
Rationale for the Proposals	<p><u>Proposed Rights Issue</u></p> <p>After due consideration of the various funding options available to the Company, the Board is of the opinion that the Proposed Rights Issue is the most appropriate avenue of fund raising for ASB for the purposes stated in Section 3.0, Part A of this Circular in view of the following reasons:-</p> <p>(i) the Proposed Rights Issue serves to raise funds for the purpose set out in Section 3.0, Part A of this Circular, particularly to fund the Group's investment in its existing businesses and future business expansion, which is expected to contribute positively to the future financial performance of the Group;</p> <p>(ii) as opposed to borrowings from financial institutions, the Proposed Rights Issue enables the Group to raise the intended funds without incurring interest costs, which will in turn enable the Group to manage its cash flows more efficiently;</p> <p>(iii) the Entitled Shareholders would have the opportunity to increase their equity participation in the Company on a pro-rata basis to minimise dilution of their interests in the Company as opposed to a non-pro rata equity fund raising; and</p>	Section 4.1

EXECUTIVE SUMMARY (CONT'D)

<u>Key information</u>	<u>Description</u>	<u>Reference to Part A of the Circular</u>
	<p>(iv) the issuance of Rights Shares would not dilute the Entitled Shareholders' equity interest in ASB if they fully subscribe for their respective entitlements under the Proposed Rights Issue.</p>	
	<p><u>Proposed Exemption</u></p> <p>The Proposed Exemption will relieve DASB and his PACs from the obligation to undertake the Mandatory Offer upon completion of the Proposed Rights Issue as it is not the intention of DASB and his PACs to undertake the Mandatory Offer.</p>	Section 4.2
	<p><u>Proposed SGS</u></p> <p>The Proposed SGS serves as a long-term incentive plan to reward the Eligible Persons and to align their interest with the corporate goals and objectives of the Company. In addition, the Scheme is intended:-</p> <p>(i) to recognise the contribution of Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;</p> <p>(ii) to motivate Eligible Persons to work towards better performance through greater productivity and loyalty to the Group;</p> <p>(iii) to inculcate a greater sense of belonging and dedication since Eligible Persons are given the opportunity to participate directly in the equity of the Company, thus promoting a shared vision amongst the shareholders to further enhance shareholder value;</p> <p>(iv) to encourage Eligible Persons to remain with the Group thus ensuring that any loss of key personnel is kept to a minimum level; and</p> <p>(v) to reward Eligible Persons by allowing them to participate in the Group's growth and profitability and eventually realise potential capital gains arising from any appreciation in the value of the ASB Shares.</p>	Section 4.3
Approvals required	: The Proposals are subject to the following approvals being obtained:-	Section 8
	<p>(i) Bursa Securities for the listing of and quotation for the Rights Shares and such number of new ASB Shares, representing up to ten percent (10%) of the total number of issued shares of ASB (excluding treasury shares, if any), to be issued pursuant to the Proposed SGS, on the Main Market of Bursa Securities;</p> <p>(ii) the SC for the Proposed Exemption, of which the approval will be sought after the EGM;</p> <p>(iii) shareholders of the Company for the Proposals at the EGM to be convened; and</p> <p>(iv) any other relevant authorities and/or parties, if required.</p>	

EXECUTIVE SUMMARY (CONT'D)

<u>Key information</u>	<u>Description</u>	<u>Reference to Part A of the Circular</u>
Directors' statement and recommendation	<p>: The Board (save for DASB, Aryati Sasya and Anton Syazi), having considered all aspects of the Proposed Rights Issue and Proposed Exemption, including but not limited to the rationale and financial effects of the Proposed Rights Issue and Proposed Exemption, is of the opinion that the Proposed Rights Issue and Proposed Exemption are in the best interest of the Company. Accordingly, on the basis above, the Board (save for DASB, Aryati Sasya and Anton Syazi) recommends that you vote in favour of the resolutions pertaining to the Proposed Rights Issue and Proposed Exemption to be tabled at the forthcoming EGM.</p> <p>As for the Proposed SGS, all the directors of the Company are entitled to participate in the Proposed SGS and therefore the Board (save for the Interested Directors to the extent of their respective allocations of SGS Shares to themselves), having considered all aspects of the Proposed SGS, including but not limited to the rationale and financial effects of the Proposed SGS, is of the opinion that the Proposed SGS is in the best interest of the Company and accordingly, on the basis above, recommends that you vote in favour of the resolution pertaining to the Proposed SGS to be tabled at the forthcoming EGM.</p>	Section 10

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PART A

**LETTER TO THE SHAREHOLDERS OF ASB IN RELATION
TO THE PROPOSALS**



ADVANCE SYNERGY BERHAD
(Registration No.: 192001000024 (1225-D))
(Incorporated in Malaysia)

Registered Office:
Ground Floor, Synergy 9
9 Jalan Kajibumi U1/70
Temasya Glenmarie
40150 Shah Alam
Selangor

30 June 2022

BOARD OF DIRECTORS

Dato' Ahmad Sebi Bakar (*Group Chair*)
Anton Syazi Dato' Ahmad Sebi (*Group Executive Deputy Chair*)
Lee Su Nie (*Group Managing Director*)
Puan Sri Datin Masri Khaw Abdullah (*Non-Independent Non-Executive Director*)
Yong Teck Ming (*Independent Non-Executive Director*)
Rali Mohd Nor (*Independent Non-Executive Director*)
Aryati Sasya Dato' Ahmad Sebi (*Non-Independent Non-Executive Director*)
Kam Kin Foong (*Independent Non-Executive Director*)

To: The Shareholders of ASB

Dear Sir/Madam,

-
- (I) **PROPOSED RIGHTS ISSUE;**
(II) **PROPOSED EXEMPTION; AND**
(III) **PROPOSED SGS**

(COLLECTIVELY REFERRED TO AS "PROPOSALS")

1.0 INTRODUCTION

- 1.1 On 11 March 2022, KAF IB had, on behalf of the Board, announced that ASB is proposing to undertake the Proposals. The Company had on 7 March 2022 appointed AIS as the Independent Adviser to advise the non-interested directors and non-interested shareholders of ASB in relation to the Proposed Exemption.
- 1.2 On 19 May 2022, KAF IB had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 19 May 2022 resolved to approve the listing of and quotation for the new ASB Shares to be issued pursuant to the Proposed Rights Issue and Proposed SGS on the Main Market of Bursa Securities, subject to the conditions set out in Section 8.0, Part A of this Circular.
- 1.3 On 17 June 2022, KAF IB had, on behalf of the Board, announced that SC had vide its letter dated 17 June 2022, notified that it has no further comments to the contents of this Circular in relation to the Proposed Exemption.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS OF ASB WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED HERewith IN THIS CIRCULAR.

SHAREHOLDERS OF ASB ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES AND INDEPENDENT ADVICE LETTER FROM AIS CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2.0 DETAILS OF THE PROPOSALS

2.1 Proposed Rights Issue

2.1.1 Details of the Proposed Rights Issue

As at the LPD, the issued share capital of ASB is RM381,376,645 comprising 929,194,943 ASB Shares. The Proposed Rights Issue, which will be undertaken on a renounceable basis, entails the issuance of up to 1,858,389,886 Rights Shares on the basis of two (2) Rights Shares for every one (1) ASB Share held by the Entitled Shareholders on the Entitlement Date at an issue price to be determined and announced by the Board at a later date.

The basis of two (2) Rights Shares for every one (1) ASB Share held on the Entitlement Date was arrived at after taking into consideration the amount of proceeds to be raised as detailed in Section 3, Part A of this Circular and the Indicative Issue Price.

The actual number of Rights Shares to be issued pursuant to the Proposed Rights Issue would depend on the level of subscription for the Rights Shares by the Entitled Shareholders and/or their renounee(s)/transferee(s).

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can fully or partially subscribe for and/or renounce their entitlements to the Rights Shares. Any unsubscribed Rights Shares shall be made available for Excess Application. It is the intention of the Board to allocate the excess Rights Shares on a fair and equitable manner and on a basis to be determined by the Board and announced later by the Company.

2.1.2 Basis of determining and justification for the Issue Price

The Issue Price will be determined and announced by the Board before the announcement of the Entitlement Date after taking into consideration the following:-

- (i) the prevailing market conditions and market prices of ASB Shares;
- (ii) the TERP of ASB Shares calculated based on the five (5)-day VWAMP of ASB Shares immediately before the price-fixing date of the Rights Shares; and
- (iii) the funding requirement of the Group as set out in Section 3.0, Part A of this Circular.

The price-fixing announcement will also include the basis and justification for the Issue Price. The Board intends to fix the Issue Price at a discount of between 10% and 30% to the TERP based on the five (5)-day VWAMP of ASB Shares up to and including the date prior to the price-fixing date, subject to a minimum Issue Price of RM0.05. This discount range was determined by the Board after taking into consideration the need of the Company to price the Rights Shares at an issue price deemed sufficiently attractive to encourage subscription of the Rights Shares and to enable the Group to raise the necessary funds required for the intended utilisation as set out in Section 3 of this Circular. The Board is of the view that such discount range is deemed sufficiently attractive to incentivise the shareholders of ASB and increase their equity participation in ASB.

For the purpose of illustration only, the Rights Shares are assumed to be issued at the Indicative Issue Price of RM0.055, which represents a discount RM0.0162 or 22.75% to the TERP of RM0.0712 per Share, calculated based on the five (5)-day VWAMP of ASB Shares up to and including the LPD of RM0.1035 per Share.

2.1.3 Ranking of the Rights Shares

The Rights Shares shall, upon allotment and issue, rank equally in all respects with the then existing ASB Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of Rights Shares.

2.1.4 Listing on the Main Market of Bursa Securities

Bursa Securities had vide its letter dated 19 May 2022 approved the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 8.0, Part A of the Circular.

2.1.5 Minimum Subscription Level and shareholder's undertaking

The Proposed Rights Issue will be undertaken on Minimum Subscription Level, which was determined after taking into consideration the minimum level of funds required by ASB for the purposes stated in Section 3.0, Part A of this Circular.

Based on the Indicative Issue Price, the Minimum Subscription Level will be met via the issuance of 1,454,545,455 Rights Shares. Therefore, the Undertaking Shareholder shall subscribe in full for his entitlement for the Rights Shares under the Proposed Rights Issue and apply for the additional Rights Shares under Excess Application as follows:-

Undertaking Shareholder	As at the LPD		Entitlement		Excess Application		Total	
	No. of Shares	%	No. of Rights Shares	*%	No. of Rights Shares	*%	No. of Rights Shares	*%
DASB	76,810,009	8.27	153,620,018	8.27	1,300,925,437	70.00	1,454,545,455	78.27

Note *:- As a percentage of the total number of Rights Shares under the Proposed Rights Issue.

The Undertaking Shareholder has provided written confirmation that he has the sufficient financial resources to fulfil his Undertaking pursuant to the Proposed Rights Issue. KAF IB has verified that the Undertaking Shareholder has the financial resources to fulfil his commitment pursuant to the Undertaking.

For avoidance of doubt, the Undertaking Shareholder is not obliged and has decided not to subscribe for the additional Rights Shares under Excess Application pursuant to the Undertaking if the Minimum Subscription Level has been achieved via subscription by all Entitled Shareholders and/or their renounee(s)/transferee(s).

As the Undertaking is sufficient to achieve the Minimum Subscription Level, ASB does not intend to procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders and/or their renounee(s)/transferee(s).

Should the Issue Price be higher or lower than the Indicative Issue Price, the total number of Rights Shares under the Minimum Subscription Level and excess Rights Shares to be subscribed by the Undertaking Shareholder will be adjusted accordingly to arrive at RM80.0 million (“**Adjustment**”). ASB will ensure that the Adjustment will not result in a breach in the public shareholdings spread under the Paragraph 8.02(1) of the Listing Requirements.

2.1.6 Public shareholding spread requirement

Pursuant to Paragraph 8.02(1) of the Listing Requirements, at least 25% of ASB's total listed shares (excluding treasury shares) are required to be held by public shareholders. Although the eventual level of subscription for the Proposed Rights Issue is not determinable at this juncture, in the event that only the Undertaking Shareholder will be subscribing for the Rights Shares at the Indicative Issue Price pursuant to his Undertaking, the public shareholding spread of ASB will be approximately 27.17%, which is still above the requisite threshold of at least 25% of its total listed shares to be held by public shareholders.

2.1.7 Equity fund raising exercise undertaken by the Company in the past twelve (12) months

The Company has not undertaken any other equity fund raising exercise in the past twelve (12) months.

2.2 Proposed Exemption

As at the LPD, DASB directly holds 76,810,009 ASB Shares, representing approximately 8.27% of the total issued share capital of ASB.

Pursuant to the Undertaking, DASB will be obligated to subscribe in full for his entitlement for the Rights Shares and apply for the additional Rights Shares under Excess Application to the extent that the Minimum Subscription Level could be achieved.

Under Minimum Scenario, assuming that only DASB subscribes for the Rights Shares at the Indicative Issue Price under the Proposed Rights Issue based on his Undertaking, upon completion of the Proposed Rights Issue:-

- (i) the shareholdings of DASB in ASB is expected to increase from 8.27% to 64.24%;
- (ii) the shareholdings of DASB and his PACs in ASB are expected to increase from 28.96% to 72.31%; and
- (iii) the shareholdings of DASB and parties which are subject to his statutory control, namely SDSB and BESB are expected to increase from 23.28% to 70.09%,

as illustrated in the table below:-

	As at the LPD		Minimum Scenario	
	No. of Shares	%	No. of Shares	* %
DASB	76,810,009	8.27	1,531,355,464	64.24
PACs				
Aryati Sasya	22,308,000	2.40	22,308,000	0.94
Anton Syazi	-	-	-	-
SDSB	80,799,926	8.70	80,799,926	3.39
BESB	58,591,927	6.31	58,591,927	2.46
ERSB	30,467,000	3.28	30,467,000	1.28
Total	268,976,862	28.96	1,723,522,317	72.31

Note *:- Based on the enlarged issued share capital of ASB of 2,383,740,398 Shares after the Proposed Rights Issue.

Pursuant thereto, DASB and his PACs will be obliged to undertake a Mandatory Offer in accordance with the Rules. However, it is not the intention of DASB and his PACs to undertake the Mandatory Offer as a result of the Proposed Rights Issue and the Undertaking.

In this regard, DASB and his PACs intend to seek an exemption from the SC pursuant to subparagraph 4.08(1)(b) of the Rules from the obligation to undertake the Mandatory Offer, after obtaining the approval from the non-interested shareholders of the Company for the Proposed Exemption, by way of poll, at the forthcoming EGM.

As the Undertaking is sufficient to achieve the Minimum Subscription Level, the Company has not procured any underwriting arrangement for the remaining Rights Shares not subscribed by the other Entitled Shareholders and/or their renouncee(s)/transferee(s).

2.3 Proposed SGS

The Proposed SGS entails the establishment of a Scheme which involves the granting of SGS Shares to the Eligible Persons, in accordance with the provisions of the By-Laws. For clarity, the Proposed SGS is intended to be implemented after the completion of the Proposed Rights Issue.

The Proposed SGS will be administered in accordance with the By-Laws by the SGS Committee. The Board shall have power at any time and from time to time amend, modify or vary the terms of reference of the SGS Committee.

The aggregate maximum number of SGS Shares that may be granted to the Grantee will be determined entirely at the absolute discretion of the SGS Committee subject to the Listing Requirements, which shall take into account such criteria as it considers fit including but not limited to the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of the Group and such other criteria as the SGS Committee may deem relevant from time to time.

Under the Proposed SGS, the Grantee is not required to pay for acceptance of the Grant and the subsequent vesting of the SGS Shares comprised in the Grant. Once the Grants are accepted by the Eligible Persons, the Grants may be vested in tranches to the Eligible Persons, subject to the fulfilment of the vesting conditions stipulated in the Grants.

The salient features of the Proposed SGS, details of which will be governed by the By-Laws, are set out in the ensuing sections.

2.3.1 Maximum number of ASB Shares available under the Proposed SGS

The Maximum SGS Shares shall not in aggregate exceed ten percent (10%) of the total number of issued shares of ASB (excluding treasury shares, if any) at any point in time during the SGS Period.

2.3.2 Basis of allocation and maximum allowable allocation

The aggregate maximum number of SGS Shares that may be allocated to any Eligible Person shall be determined by the SGS Committee provided that the number of SGS Shares allocated to any Eligible Persons who, either singly or collectively through persons connected with the Eligible Persons, holds twenty percent (20%) or more of the total number of issued shares of the Company (excluding treasury shares, if any), shall not exceed ten percent (10%) of the Maximum SGS Shares.

Subject to the above and any adjustment which may be made pursuant to any alteration in the share capital of the Company as provided under the By-Laws, the basis for determining the aggregate number of Shares that may be offered and/or allocated under the Scheme to the Eligible Persons shall be at the sole and absolute discretion of the SGS Committee after taking into consideration inter alia, the provisions of the Listing Requirements or other applicable regulatory requirements relating to employees' and/or directors' share issuance scheme and after taking into consideration factors which may include the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of the Group.

The Eligible Person shall not participate in any deliberation or discussion of their own allocation and those of persons connected to them, if any, under the Proposed SGS.

2.3.4 Eligibility to participate in the Proposed SGS

Subject to the following, the Eligible Persons may be considered as eligible from time to time and at any time for the purposes of the Scheme by the SGS Committee.

The Eligible Persons who fulfil the following criteria as at the Grant Date, shall be eligible for consideration by the SGS Committee to participate in the Scheme:-

- (i) has attained the age of twenty-one (21) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (ii)
 - (a) has been employed by ASB Group as a full-time employee or serving in a specific designation under an employment contract with ASB Group for a fixed duration (or any other contract as may be determined by the SGS Committee) and is on the payroll of any subsidiaries within ASB Group (exclude subsidiary(ies) listed on any stock exchange as well as its group of companies, and any dormant subsidiary(ies) of the Group) for a continuous period of at least twenty-four (24) months in the Group and has not served a notice of resignation or received a notice of termination prior to and up to the Grant Date; or
 - (b) is employed by a corporation which is acquired by the Group during the SGS Period and becomes a subsidiary of the Group upon such acquisition, he/she must have completed a continuous employment service for a period of at least twenty-four (24) months in the acquiree company and/or for such period in the acquiree company and/or the Group as may be determined by the SGS Committee following the date that such company becomes or is deemed to be a subsidiary of the Group and has not served a notice to resign or received a notice of termination prior to and up to the Grant Date;
- (iii) has been confirmed in writing and is not under any probation;
- (iv) if he/she is a director or chief executive of the Company, the Grant awarded by the Company to him/her in his/her capacity as a director or chief executive of the Company under the Scheme has been approved by the shareholders of ASB at a general meeting (if applicable); and
- (v) is under such categories and/or fulfills any other criteria as may be set by the SGS Committee from time to time at its absolute discretion.

The selection of any Eligible Person for participation in the Scheme shall be at the sole discretion of the SGS Committee whose decision shall be final and binding.

For the avoidance of doubt, the SGS Committee may determine any other eligibility criteria and/or waive any of the eligibility criteria as set out in Section 2.3.4, Part A of this Circular, for purposes of selecting an Eligible Person from time to time, at the SGS Committee's discretion.

2.3.5 Duration of the Proposed SGS

The Proposed SGS shall take effect on the Effective Date. The Scheme, upon implementation, shall continue to be in force for a period of five (5) years from the Effective Date and may be extended or renewed (as the case may be) for a further period of five (5) years or such shorter period, at the sole and absolute discretion of the Board upon the recommendation by the SGS Committee, provided always that the initial scheme period stipulated above and such extension of the Scheme made pursuant to these By-Laws shall not in aggregate exceed a duration of ten (10) years from the Effective Date. For the avoidance of doubt, no further approval, sanction or authorisation of the shareholders of the Company in a general meeting is required for any such extension or renewal (as the case may be). In the event the Scheme is extended or renewed (as the case may be), the Company shall serve appropriate notices on each Grantee and make the necessary announcements to Bursa Securities prior to such extension or renewal (as the case may be).

Subject to compliance with the Listing Requirements and any other relevant authorities, the Scheme may be terminated by the Company at any time before the date of expiry without obtaining the approvals or consents from the Grantees or the Company's shareholders provided that the Company makes an announcement immediately to Bursa Securities on the following:-

- (i) the effective date of termination of the Scheme;

- (ii) the number of Grants and Shares vested; and
- (iii) the reasons and justifications for termination of the Scheme.

Notwithstanding anything to the contrary, all unvested SGS Shares comprised in any Grant (whether fully or partially unvested) shall cease to be capable of vesting on the date of expiry or the date of the resolution of the termination of the Scheme.

2.3.6 Ranking of SGS Shares pursuant to the Proposed SGS

In the event of any new SGS Shares are to be issued and/or transferred from treasury shares (as the case may be) to the Grantee pursuant to the Scheme, the new SGS Shares will, upon allotment and issuance, rank equally, in all respects with the then existing ASB Shares, save and except that the new SGS Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distributions which may be declared, made or paid, where the entitlement date of which is before the date of issuance and/or transfer of abovementioned SGS Shares.

In the event that any treasury shares (so purchased under a share buy-back mandate) are to be transferred to the Grantee under the Scheme, such treasury shares shall subject to the relevant provisions of the Listing Requirements and the constitution of ASB.

2.3.7 Vesting conditions and vesting of SGS Shares

The SGS Shares comprised in a Grant shall be vested to the Grantee on the date(s) after fulfilling the vesting conditions stipulated in the Grant in accordance with the By-Laws. For the avoidance of doubt, the vesting of each Grant may be staggered in several tranches at such times and on such terms as determined by the SGS Committee. The SGS Shares comprised in the Grant shall vest in multiples of and no less than a hundred (100) Shares.

2.3.8 Alteration in share capital and adjustment

If the SGS Committee so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the SGS Period, whether by way of a rights issue, bonus issue or other capitalisation issue, subdivision or consolidation of Shares or reduction of capital or any other variations of capital or otherwise howsoever taking place, the SGS Committee shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding alterations (if any) to be made to:-

- (i) the number of unvested SGS Shares comprised in the Grant; and/or
- (ii) the method and/or manner in the vesting of the SGS Shares comprised in the Grant.

Such alterations (if any) will be made in accordance with the By-Laws.

2.3.9 Retention period and transfer restrictions

The ASB Shares to be issued and/or transferred pursuant to the vesting of SGS Shares comprised in any Grant to the Grantee under the Scheme may be subject to such retention period or restriction on transfer (if any) which the SGS Committee, shall, from time to time and at its own discretion, be entitled to prescribe or impose as it sees fit.

2.3.10 Modification, variation and/or amendment of the By-Laws

Subject to the By-Laws and compliance with the Listing Requirements and the approvals of any other authorities (if required), the SGS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall at its discretion think fit and the Board shall have the power at any time and from time to time by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities (within five (5) Market Days after the effective date of the modification, variation and/or amendment of the By-Laws or such other period as may be prescribed by Bursa Securities or any other relevant

authorities) each time any modification, variation and/or amendment is made, stating that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to share issuance schemes and the Rules of Bursa Depository.

The approval of the shareholders of the Company in general meeting shall not be required in respect of the modification, variation and/or amendment of the By-Laws provided that no modification, variation and/or amendment made to the By-Laws which would:-

- (i) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
- (ii) increase the number of SGS Shares available under the Scheme beyond the maximum amount set out in Section 2.3.1, Part A of this Circular; or
- (iii) prejudice any rights of the shareholders of the Company; or
- (iv) alter to the advantage of an Eligible Person and/or Grantee(s) in respect of any matters which are required to be contained in the By-Laws pursuant to the Listing Requirements.

2.3.11 Implementation of the Proposed SGS

In implementing the Proposed SGS, the SGS Committee may at its sole and absolute discretion decide that the vesting of any SGS Shares comprised in a Grant be satisfied by any of the following methods:-

- (i) issuance of new Shares by the Company;
- (ii) acquisition of existing Shares from the Main Market of Bursa Securities;
- (iii) transfer of the Company's treasury shares (if any) or any other methods as may be permitted by the Act; or
- (iv) a combination of any methods as stated in the above.

In considering the settlement mode of the Grants as referred to in (i) to (iv) above, the SGS Committee will take into consideration, amongst others, factors such as potential cost arising from the granting of the SGS Shares, the dilutive effects of such issuance on the Company's capital base as well as applicable laws and/or regulatory requirements. The method of settlement to be made by ASB to the Grantee shall be at the discretion of the SGS Committee.

For the purpose of facilitating the implementation of the Scheme, the Company and/or the SGS Committee may (but shall not be obliged to) establish a Trust from time to time in accordance with the Trust Deed. The Trustee shall, at such times as the SGS Committee shall direct, subscribe for and/or purchase the necessary number of Shares to accommodate any transfer of SGS Shares to the CDS accounts of the Grantees established by Bursa Depository. For this purpose, the Trustee will be entitled from time to time to the extent permitted by law and as set out under the By-Laws to accept funding and/or assistance, financial or otherwise from the Company and/or any company within ASB Group. The SGS Committee shall have the discretion to instruct the Trustee to subscribe for new ASB Shares and/or acquire existing ASB Shares at any time and from time to time and also to revoke or suspend any such instruction that has earlier been given to the Trustee.

For the purpose of administering the Trust, if and when the Trust is established, the Trustee shall do all such acts and things and enter into any transaction, agreement, deed, document or arrangement and makes rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the SGS Committee may direct for the implementation and administration of the Trust which are expedient for the purpose of giving effect to and carrying out the powers and duties conferred on the Trustee by the Trust Deed.

The SGS Committee shall have power from time to time, at any time, to appoint, rescind or terminate the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed. The SGS Committee shall not be under any obligation to give any reasons for such appointment, rescission or termination. The SGS Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.

2.3.12 Listing of and quotation for the new ASB Shares

Bursa Securities had vide its letter dated 19 May 2022 approved the listing of and quotation for such number of new ASB Shares, representing up to ten percent (10%) of the total number of issued shares of ASB (excluding treasury shares, if any) to be issued pursuant to the Proposed SGS, on the Main Market of Bursa Securities, subject to the conditions as set out in Section 8.0, Part A of the Circular.

3.0 UTILISATION OF PROCEEDS

Based on the Indicative Issue Price, the proceeds to be raised from the Proposed Rights Issue are intended to be utilised by the Group in the following manner:-

Utilisation of proceeds	Expected timeframe for utilisation from the completion of Proposed Rights Issue	Minimum Scenario RM'000	Maximum Scenario RM'000
Investment in existing businesses and/or future business expansion/new strategic investment ⁽¹⁾	Within 36 months	53,200	75,411
Working capital ⁽²⁾	Within 36 months	25,600	25,600
Estimated expenses ⁽³⁾	Immediate	1,200	1,200
Total		80,000	102,211

Notes:-

(1) The Group intends to utilise up to approximately RM75.41 million of the proceeds for amongst others, any or all of the following:-

(i) Financial Services Division

The ASB Group intends to develop its financial services business into a leading provider of digital payment and cash flow management application services for SMEs in Malaysia. The relatively low level of digitisation of payment methods and practices among SMEs, together with the initiative of government of Malaysia to encourage the adoption of digital and contactless payments under the Short-term National Economic Recovery Plan, provides significant growth and innovation opportunities for the Group's financial services business.

By investing in the development of the New Payment Application Services that help to further digitise SME payments and aid in SME cash flow management, the Group will be placed in a good position to capitalise on the expected growth in digital payment volumes in Malaysia, especially in the area of B2B payments. Further details on B2B payments are set out in Section 5.8, Part A of this Circular.

The New Payment Application Services is intended to provide SMEs with a seamless end-to-end digital payment solution, starting from the front-end payment gateways (such as direct debits, quick response ("QR") pay and e-Wallets) to payment settlement to its vendors.

The SMEs who subscribe for the New Payment Application Services will receive dual (virtual and physical) credit card by Paydee that can be used to facilitate cashless payments to suppliers. In addition, the New Payment Application Services could address the current digitalisation needs of the SMEs by providing, amongst others, new digital capabilities on top of the existing payment solutions as follows:-

(a) *integrated systems that support online applications by SMEs. This digital initiative will lead to a shorter period of the merchant acquiring process and improve the customer services' responses; and*

(b) *analytical tools for cash flow management which allows the SMEs to enjoy the convenience in the reconciliation of payment.*

In terms of the requisite approvals/licences for the operation of the New Payment Application Services, Paydee is currently licensed by BNM, MasterCard International and Visa Worldwide for card issuance and provision of merchant acquiring service.

The development of New Payment Application Services requires additional investments to support the anticipated growth in transaction volumes and gross payment value to be processed by the financial services business. In addition, a significant expansion in human resources is required to develop and operate the New Payment Application Services to capitalise on the significant growth and innovation opportunities. Further capital expenditure investments are required particularly in server hardware, third-party software licenses and payment acceptance appliances for the capacity-building of the financial services business. An increase in other expenses that are variable in nature is also anticipated, in line with the planned expansion in human resources and expected growth in transaction processing volumes.

In view of the foregoing, the Group intends to utilise RM35.20 million of the proceeds to fund development of New Payment Application Services, with the estimated costs as follows:-

Details of utilisation for development of New Payment Application Services		RM'000
(i)	<i>Payroll including recruitment of additional staffing for the next two (2) years:-</i>	<i>17,700</i>
	<i>(a) additional 60-80 staffs for product development and technical support;</i>	
	<i>(b) additional 20-30 staffs for business development;</i>	
	<i>(c) additional 15-20 staffs for customer care; and</i>	
	<i>(d) additional 10-15 other supporting staffs.</i>	
(ii)	<i>Working capital which includes the following:-</i>	
	<i>(a) deposit sum to payment system providers (such as MasterCard International and Visa Worldwide and as well domestic payment systems in Malaysia such as PayNet) who facilitate the electronic fund transfers through their respective payment networks and platforms; and</i>	<i>2,000</i>
	<i>(b) other expenses in relation to the launching and operation of the New Payment Application Services such as the following:-</i>	<i>2,000</i>
	<i>(aa) licence fees of international payment systems;</i>	<i>5,000</i>
	<i>(bb) general working capital requirements such as rental, lease expenses, utilities and administrative cost; and</i>	<i>1,000</i>
	<i>(cc) technology licence fees.</i>	
(iii)	<i>To finance/part finance the capital expenditure to accommodate the New Payment Application Services, which include, among others:-</i>	
	<i>(a) payment of right-to-use technology assets; and</i>	<i>2,300*</i>
	<i>(b) purchase of new equipment, such as server hardware, third-party software licenses and payment acceptance appliances</i>	<i>5,200*</i>
Total		35,200

Note *- Estimated costs based on the quotations obtained.

The Group intends to market the New Payment Application Services via the channel partnership and leverage on the connections with MasterCard International and Visa Worldwide. Further, the Group intends to augment its growth by acquisition or strategic investment strategy. This involves identifying and evaluating opportunities as further detailed in Note (iv) below, so that the Group can expediently capitalise on suitable investment opportunities as and when they arise that can accelerate the implementation and delivery of the business expansion plan for the financial services division or are strongly synergistic to the Group's financial services business.

For information, the historical earnings of the Financial Services Division or the past three (3) FYEs 2019 to 2021 and FPE 2022 are as summarised below:-

	←-----Audited----->			Unaudited FPE 2022 (RM'000)
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	
Revenue	8,866	4,090	1,964	731
LAT	(4,977)	(5,661)	(5,577)	(1,278)

FYE 2020

With the outbreak of COVID-19 resulting in the various movement control orders in the year 2020, the Financial Services Division's revenue decreased by approximately RM4.78 million or 53.89% to RM4.09 million in FYE 2020 from RM8.87 million in FYE 2019. In line with the lower revenue recorded in FYE 2020, the Financial Services Division recorded a higher LAT of RM5.66 million in FYE 2020 compared to LAT of RM4.98 million in FYE 2019.

FYE 2021

The Financial Services Division's revenue decreased by approximately RM2.13 million or 52.08% to RM1.96 million in FYE 2021 from RM4.09 million in FYE 2020 which was mainly due to the decline in merchant sales transactions in FYE 2021 resulting from adverse trading conditions pursuant to COVID-19. However, the division recorded a slightly lower LAT of RM5.58 million in FYE 2021 compared to an LAT of RM5.66 million in FYE 2020 which was mainly due to the concerted efforts in reducing the cost in FYE 2021.

FPE 2022

The Financial Services Division's revenue increased by approximately RM0.21 million or 40.38% to RM0.73 million in FPE 2022 from RM0.52 million in FPE 2021 which was mainly attributable to the increase in merchant sales transactions from easing of movement control restriction in FPE 2022. Despite higher revenue in FPE 2022 compared to FPE 2021, the division recorded a slightly higher LAT of RM1.28 million in FPE 2022 compared to an LAT of RM1.11 million in FPE 2021 which was mainly due to the higher operating expenses in FPE 2022 coupled with absence of foreign exchange gain recorded in FPE 2021.

(ii) Property Development and Investment Division

Property Investment (Hospitality)

The Group has allocated RM2.50 million to fund the establishment cost for the Sea Camp Resort in Holiday Villa Beach Resort & Spa Cherating located in Cherating, Pahang, on the vacant land in front of the seafront resort and RM0.50 million for refurbishment and renovation of hospitality properties.

The Sea Camp Resort will be built with 20-30 prefabricated units with festive and relaxing façade around a man-made waterfall which could accommodate 60-80 persons at a time with the estimated costs as follows:-

	RM'000
Construction costs	1,700
Man-made waterfall and landscape	400
Furniture and equipment	400
Total	2,500

Barring any unforeseen circumstances, the Group intends to commence the construction for the Sea Camp Resort by mid-2023 and target to complete and commence the operations by the third quarter of 2024.

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Property Development

The Group has allocated RM11.50 million to part finance the total development costs for our existing property development projects in Kuching, Sarawak, the details of which are set out as below:-

Projects	Details	Expected commencement period	Expected completion period	Gross development value RM' million	Estimated total development cost RM' million
Phase 2, Federal Park project	Comprising 88 units of double storey terrace houses and 28 units of single storey terrace houses	3 rd quarter of 2022	3 rd quarter of 2024	44.1	34.42
Sejijak project	Comprising 88 units of double storey terrace houses, 80 units of townhouses and 40 units of single storey terrace houses	4 th quarter of 2022	4 th quarter of 2024	66.8	54.35
Total					88.77

As at the LPD, the development works for the abovementioned projects have yet to commence as the Group is in the midst of obtaining the approvals for engineering plan and building plan from the Land and Survey Department Sarawak, Kuching Division and Padawan Municipal Council. Barring any unforeseen circumstances, the Board anticipates to obtain the aforesaid approvals prior to the estimated commencement period for the projects.

The earmarked proceeds of RM11.50 million will be utilised to part finance the total development costs, mainly the building and infrastructure costs and may include professional fees, operating expenditures, sales and marketing expenses, and other miscellaneous items such as utilities and overheads, save for the land costs.

For the avoidance of doubt, the remaining development costs for the abovementioned projects shall be funded via a combination of bank borrowings, progressive collections from the sales billings, internally generated funds and/or future fund raising exercise(s) of the Group.

(iii) Bus-body Fabrication Division

In view of the increasing bus body orders received from the Australian market, the Group intends to increase the production of bus-body fabrication from four (4) buses per month to twenty (20) buses per month for the next two (2) years. Accordingly, the Group has earmarked proceeds of RM3.50 million for purchase of raw materials, direct labour costs and other miscellaneous items such as utilities and overheads.

(iv) Future business expansion/new strategic investment

The Group intends to expand its existing businesses which may involve acquisitions, collaborative arrangements, and/or investment in businesses and/or assets that are similar or complementary to the Group's businesses in financial services, travel and tours, property development and investment, education and/or bus-body fabrication.

The Board will conduct evaluation on the said business/investment opportunities based on the key considerations that are aligned with its investment objectives and criteria which may include but not limited to, businesses/assets with profitable track record, the speed to establish its market presence, ability to generate growth potential and/or ability to create value-added synergies to complement ASB Group's existing businesses. The Group will focus and capitalise on such new business/investment opportunities which could achieve the above key considerations.

As these potential acquisition(s) of business(es)/investment(s) may cost a substantial amount, the proceeds of RM22.21 million will be utilised to finance/part-finance any potential suitable/viable business/investment opportunities within 36 months from the completion of the Proposed Rights Issue.

The Group will make the necessary announcements in accordance to the Listing Requirements as and when the new business(es)/investment(s) have been finalised and materialised. Additionally, if such business(es)/investment(s) will result in diversification of the Group's existing businesses, the Board will ensure the compliance with the provisions of the Listing Requirements, particularly Paragraph 10.13 of the Listing Requirements. In the event that shareholders' approval and/or other regulatory bodies' approvals are required, the necessary approvals will be sought in accordance to the Listing Requirements or such other regulatory bodies.

However, if the Company is unable to identify suitable business(es)/ investment(s) within the timeframe stipulated, the proceeds allocated for future business expansion/new strategic investment shall be transferred to the fund the Group's working capital requirements, the utilisation of which is set out in Note (2) below.

Further details of the Group's business prospects are set out in Section 5.8, Part A of this Circular.

Any shortfall due to the eventual proceeds raised from the Proposed Rights Issue earmarked for the above utilisation, will be funded via a combination of internally generated funds and/or further bank borrowings. Any surplus for such expenditures will be adjusted accordingly against the amount allocated for working capital purposes.

- (2) The Group has allocated RM25.60 million to meet the working capital requirements of the Group's day-to-day operations, which may include amongst others, staff salaries and related costs, lease payments for the Group's hospitality properties, marketing and advertising expenses, overhead expenses, maintenance expenses as well as operating and administrative expenses. The proceeds to be utilised for each component of working capital are subject to the operating requirements at the time of utilisation and therefore the actual utilisation has not been determined at this juncture. Solely for illustration purposes and based on best estimates, the proceeds allocated for the Group's working capital requirements are anticipated to be utilised for each component of the working capital as below:-

	Indicative allocation (%)
Staff salaries and related costs ⁽ⁱ⁾	30% - 40%
Lease payments for the Group's hospitality properties ⁽ⁱⁱ⁾	30% - 40%
Marketing and advertising expenses ⁽ⁱⁱⁱ⁾	3% - 5%
Overhead and maintenance expenses ^(iv)	5% - 8%
Operating and administrative expenses ^(v)	15% - 20%

Notes:-

- (i) This includes, amongst others, staff salaries, directors' remuneration and other statutory contributions. The Company expects the salaries and related costs to increase as the Group's operation has been gradually ramped up from the recovery of COVID-19 pandemic.
- (ii) This includes the Group's hospitality properties located in China and/or Malaysia.
- (iii) This includes, amongst others, expenses in relation to trade fairs, digital media, printing of marketing materials and promotions.
- (iv) This includes, amongst others, property maintenance, utilities and rental.
- (v) This includes, amongst others, payment for supplies and consumables, sales commission and discounts, general administrative expenses for back-office support services and day-to-day operating costs.

Any shortfall due to the eventual proceeds raised from the Proposed Rights Issue earmarked for the above utilisation, will be funded via a combination of internally generated funds and/or further bank borrowings. Any surplus for such expenditures will be adjusted accordingly against the amount allocated for investment in existing businesses and/or future business expansion/new strategic investment purposes.

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- (3) *The proceeds earmarked for estimated expenses in relation to the Proposals will be utilised as set out below:-*

	RM'000
<i>Professional fees ⁽ⁱ⁾</i>	860
<i>Fee payable to relevant authorities</i>	65
<i>Other expenses ⁽ⁱⁱ⁾</i>	275
Total	1,200

Notes:-

- (i) *The professional fees comprise the following:-*

	RM'000
<i>Principal Adviser</i>	300
<i>Independent Adviser</i>	150
<i>Solicitors</i>	115
<i>Other advisers (financial adviser, share registrar and reporting accountants)</i>	295
Total	860

- (ii) *The other expenses comprise the following:-*

	RM'000
<i>Printing and advertising cost</i>	175
<i>Expenses incidental to the convening of the EGM</i>	50
<i>Other miscellaneous expenses and contingencies</i>	50
Total	275

Any surplus or shortfall for such expenses will be adjusted accordingly against the amount allocated for working capital purposes.

Pending utilisation of proceeds for the abovementioned purposes, the total gross proceeds arising from the Proposed Rights Issue will be placed in interest-bearing deposits and/or short-term money market instruments with financial institutions as the Board in its absolute discretion deems fit and in the best interest of the Company. The resulting interest income derived from such placements will be used as additional working capital for the Group.

For the avoidance of doubt, the Company will not raise any proceeds from the Proposed SGS as the SGS Shares to be issued and/or transferred will not require any payment from the Grantees.

4.0 RATIONALE FOR THE PROPOSALS

4.1 Proposed Rights Issue

After due consideration of the various funding options available to the Company, the Board is of the opinion that the Proposed Rights Issue is the most appropriate avenue of fund raising for ASB for the purposes stated in Section 3.0, Part A of this Circular in view of the following reasons:-

- (i) the Proposed Rights Issue serves to raise funds for the purpose set out in Section 3.0, Part A of this Circular, particularly to fund the Group's investment in its existing businesses and future business expansion, which is expected to contribute positively to the future financial performance of the Group;
- (ii) as opposed to borrowings from financial institutions, the Proposed Rights Issue enables the Group to raise the intended funds without incurring interest costs, which will in turn enable the Group to manage its cash flows more efficiently;
- (iii) the Entitled Shareholders would have the opportunity to increase their equity participation in the Company on a pro-rata basis to minimise dilution of their interests in the Company as opposed to a non-pro rata equity fund raising; and
- (iv) the issuance of Rights Shares would not dilute the Entitled Shareholders' equity interest in ASB if they fully subscribe for their respective entitlements under the Proposed Rights Issue.

4.2 Proposed Exemption

The Proposed Exemption will relieve DASB and his PACs from the obligation to undertake the Mandatory Offer upon completion of the Proposed Rights Issue as it is not the intention of DASB and his PACs to undertake the Mandatory Offer.

For clarity, the Undertaking by DASB serves to meet the Minimum Subscription Level, where:-

- (i) it lends the necessary support to facilitate the implementation of the Proposed Rights Issue, which is crucial in ensuring ASB is able to raise the intended proceeds as set out in Section 3.0 above for the Group; and
- (ii) it allows the Company to save on underwriting commission for such number of Rights Shares as no underwriting arrangement is required pursuant to the Undertaking.

4.3 Proposed SGS

The Proposed SGS serves as a long-term incentive plan to reward the Eligible Persons and to align their interest with the corporate goals and objectives of the Group. In addition, the Scheme is intended:-

- (i) to recognise the contribution of Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
- (ii) to motivate Eligible Persons to work towards better performance through greater productivity and loyalty to the Group;
- (iii) to inculcate a greater sense of belonging and dedication since Eligible Persons are given the opportunity to participate directly in the equity of the Company, thus promoting a shared vision amongst the shareholders to further enhance shareholder value;
- (iv) to encourage Eligible Persons to remain with the Group thus ensuring that any loss of key personnel is kept to a minimum level; and
- (v) to reward Eligible Persons by allowing them to participate in the Group's growth and profitability and eventually realise potential capital gains arising from any appreciation in the value of the ASB Shares.

5.0 INDUSTRY OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy grew by 5.0% in the first quarter of 2022 (4Q 2021: 3.6%). Growth was supported mainly by higher domestic demand as economic activity continued to normalise with the easing of containment measures. The improvement also reflects the recovery in the labour market and continued policy support. In addition, strong external demand, amid the continued upcycle in global technology, provided a further lift to growth. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 3.9% (4Q 2021: 4.6%).

During the quarter, domestic demand expanded by 4.4% (4Q 2021: 1.9%). Growth was supported by higher consumption and improvement in investment activities amid the normalisation of economic activity. On the external front, demand for Malaysia's exports, particularly for electrical and electronic products, remained strong.

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Private consumption grew at a faster pace of 5.5% (4Q 2021: 3.7%), supported by higher spending on necessities and selected discretionary items such as restaurants and hotels, recreational services and household furnishings. The continued strength in consumer expenditure was primarily driven by the recovery in the labour market with higher wage and employment growth. Policy measures, such as Bantuan Keluarga Malaysia, also provided additional support to consumer spending. Public consumption grew by 6.7% (4Q 2021: 1.6%). The expansion was driven mainly by higher growth in supplies and services amid continued support from COVID-19 related expenditure, including vaccine procurement and logistics spending.

Gross fixed capital formation registered a marginal growth of 0.2% (4Q 2021: -3.0%) as capital spending by both private and public sectors improved. By type of asset, machinery and equipment investments grew by 12.0% (4Q 2021: 17.4%). Meanwhile, investments in structures and other assets declined by a smaller pace of 7.9% (4Q 2021: -15.6%) and 0.9% (4Q 2021: -3.3%) respectively.

Private investment turned around to register a positive growth of 0.4% (4Q 2021: -2.8%), supported by capital spending in the services and manufacturing sectors. Investments in ICT-related equipment and machinery for manufacturing remained robust, as firms continued to embrace automation and digitalisation. Structures investment registered a smaller contraction, mainly supported by the non-residential segment. This reflects the gradual ramp-up of investment projects amid the reopening of the economy. Public investment declined at a smaller pace (-0.9%; 4Q 2021: -3.4%), underpinned by the improvement in general government's fixed assets spending.

(Source: Quarterly Bulletin 1Q 2022, Bank Negara Malaysia)

5.2 Overview and outlook of the hotel industry in Malaysia

According to the Report by MAH, the hotel industry is anticipating an average occupancy rate of 21% and 28% for 3Q and 4Q2021 respectively, and 35% for 2022, which would indicate another year of losses. In 2021, average occupancy was 21% in January; 17% in February; 27% in March and April, driven by quarantine requirements; and 18% in May. The hotel industry is estimated to have lost more than RM5 billion in revenue in the first half of 2021.

In terms of the ADR, the Report notes that the hotel industry expects the figure to remain at RM180 to RM190, marking an average drop of 20% to 30% compared with pre-pandemic levels. But it added that the industry did not register sufficient rooms sold to indicate its actual loss in ADR. Meanwhile, midscale to upper-scale luxury hotels saw a drop of at least 50% in ADR, having lost all international markets, which typically have higher spending power.

Meanwhile, the Report also stated that 2 out of 320 hotels had permanently closed while 91 are temporarily closed. Almost 28% of the hotels that responded had reduced their manpower by more than half and 51% in one way or another. Of the total, 14% had carried out a retrenchment exercise. This could lead to a massive drain in talent, raising the larger question of how the industry will recover when the time comes.

Notwithstanding the above, the chief executive officer of MAH is slightly more cautious but expects to see some recovery in the first half of 2022. The Langkawi travel bubble had shown good success, with occupancy of hotels high on weekends and leaning towards higher-rated hotels. With that, the industry can look forward to the reopening of domestic tourism destinations, targeting the high number of fully vaccinated adults. With these factors in play, 1Q2022, or by 2Q the latest, will be a good target for the industry to see a recovery in domestic travel, driven by pent-up demand as the key factor.

(Source: "Cover Story: Hospitality sector to see signs of recovery by year end" dated 26 October 2021, The Edge Malaysia)

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5.3 Overview and outlook of the hotel industry in UK

The recovery in tourism demand will continue to accelerate in 2022, with greater volumes of corporate meetings and events, and group travel. But, demand will remain below pre-pandemic levels. Leisure travel will also continue to increase albeit from a relatively high base given the strong staycation demand recorded in 2021. The return of cross-border travel will, however, support tourism demand growth for London and the gateway cities - the revival of transatlantic travel will be of particular benefit for hotels in the capital.

Tourism demand growth will support the general recovery of top line hotel revenues in the UK, however, several headwinds will drag on profitability. The most acute challenge will be the recruitment and retention of staff, which will result in payroll inflation. Rising energy prices, food costs and other inflationary pressures feeding through supply chains will also test hotel operators. These trends will not impact all hotels equally. For example, limited-service hotels will be less exposed to rising operational costs, while full-service hotel operators will attempt to offset increasing expenses through revenue growth.

(Source: UK Real Estate Market Outlook 2022, CBRE Group, Inc)

On the other hand, as employers become more open to the idea of staff being able to operate from a wider range of locations, it is likely to see a rise in the digital corporate nomad, alongside a blending of leisure and corporate travel. This opens the door to new and existing operators to pivot their offer to appeal to both corporate and leisure demand – something that serviced apartment operators and branded residences have been achieving for a while.

This can come in many formats, whether it's increased room size, desk space and rapid connectivity, on-site co-working space and so on. As governments also continue to clamp down on the over-exposure of Airbnb and short-term rentals, there opens a significant opportunity for hotels to bridge the gap and capture some of this longer stay corporate/leisure demand. This move to a more flexible, blended way of working and living could therefore provide significant opportunities for well attuned hotel brands.

(Source: European Hotel Trends Outlook 2021, Savills Research)

5.4 Overview and outlook of the hotel industry in Shanghai

According to Renub Research report titled “China Hotel Market Forecast 2021-2027, Industry Trends, Share, Insight, Growth, Impact of COVID-19, Opportunity Company Analysis” the China hotel market is expected to reach USD131.15 billion by 2027. The hotels industry in China has developed rapidly over the past decade and is an increasingly important industry in many cities and regions in China. The hotel industry represents a crucial component of financial industry outputs, job creation, and business opportunities contributing outputs, job creation, and business opportunities contributing to local economic development. Evaluating hotel performance is vital for hotel management and strategy by indicating gaps and guiding future improvement.

With increasing business travel and domestic tourism, the hotel market in China is far from reaching its saturation point. The continuous improvement of the hotel's occupancy rate, people's demand for leisure activities and tourism continues to increase. Notwithstanding, in China hotel industry is driven by more significant numbers of domestic and international tourists and increasing living standards and per capita spending for tourism. More elevated demand for services and quality, higher room prices, and industry deregulation has also supported revenue growth over the period. With the increasing demand for international and domestic tourism, China's total number of hotels is rapidly increasing.

Besides, China's largest populations to use their hotel services are business people. China has focused on creating convention centres in their large cities and high-end hotels that is good for meetings and talking. There are many different types of hotel-like high-end hotel, mid-scale hotel; budget hotel is in China. High-end hotel is a well-known international chain and brand starred hotel. Many foreign hotel brands and their chains continued to expand in China, while the domestic brands are converging on increasing their footprint into mergers and acquisitions. The Chinese government has launched the Greater Bay Area Plan and the Belt and Road Initiative to increase higher demand for luxury hotels.

Beijing's capital city of China hotel industry has benefited from enhanced intercity transportation and tourism facility. Therefore, Shanghai, one of China's most important business hubs, is home to a buzzing hospitality market that continues to grow.

(Source: China Hotel Market to grow at CAGR of 12.47% from 2021-2027, 31 January 2022, The Middle East North Africa Financial Network)

5.5 Overview and outlook of the property industry in Sarawak

The residential sector is the most active in the Sarawak property market making up more than 45% of volume and value of transacted properties. The landed residential sector for Sarawak remained steady in 2021, while an up-trend is expected in 2022 depending on overall economic recovery.

High-rise residential overhang continues, as absorption of new supply was further affected by market disruptions arising from the movement control orders. With the current soft property market which favours buyers and tenants, prices and rents concluded are generally lower than past years. However, these are expected to stabilise in the short-medium term and the residential market will recover in the long run.

In 2022, property transactions and occupancies, including property prices may improve as the economy begins to reopen. The extension of the Home Ownership Campaign up to December 2021, attractive government incentives such as stamp duty exemption, real property gain tax exemption after the 5th year, uplifting of 70% margin financing, discounts by developers and lower interest rates will provide better opportunities for home purchase. However, the following factors will weigh heavily on the residential market recovery: resurgence / mitigation measures against COVID-19, inflationary pressure and political stability.

(Source: Real Estate Market Outlook 2022, CBRE | WTW)

5.6 Overview and outlook of the digital payment industry in Malaysia

In 2020 alone, growth within the digital economy has understandably accelerated as the COVID-19 pandemic gave birth to new digital businesses, forced traditional brick-and-mortar enterprises to pivot online, and saw millions of Malaysians go virtual for their e-commerce, entertainment and even education needs.

The Blueprint has been introduced to envision that Malaysia will become the regional digital economy leader and achieve inclusive, responsible and sustainable socioeconomic development. The framework comprises six thrusts that support the objectives and overall vision of the Blueprint.

One of the key thrusts of the Blueprint is to increase inclusivity of all Malaysians in digital activities, which will be led by Bank Negara Malaysia in promoting electronic payment onboarding programme for both merchants and consumers towards a cashless society.

This initiative aims to expand electronic payments adoption by small merchants and increase electronic payments usage among the consumers. This will be demonstrated by incentivising both merchants and consumers to go cashless, expand the adoption of electronic payments among merchants, especially micro, small and medium enterprises through subsidising point of sale system setup costs and exempting e-payments transaction costs as well as incentivising the public to increase the usage of electronic payments. The Blueprint has targeted to achieve 400 electronic payment transactions made per capita and 36 Electronic Funds Transfer at Point of Sale terminals per 1,000 inhabitants by 2022.

In addition, the government also intends to accelerate the transformation of the public sector into a digital government. All federal and state level agencies will adopt cashless payments as the preferred method for more efficient transactions by 2022.

(Source: Malaysia Digital Economy Blueprint, Economic Planning Unit, Prime Minister's Department, 2021)

However, when it comes to the B2B sector, the digital payment adoption rate seems to be lagging. Small companies in rural communities still rely heavily on cash and cheques as primary payment methods. Urban B2B companies fare much better, preferring transactions via internet banking and credit transfers through financial networks such as real time electronic transfer of funds and securities system (RENTAS) and society of worldwide interbank financial telecommunication (SWIFT). Still, market experts all agree that more B2B payments can still be made digitally, with plenty of room for improvement.

Digital wallets can be a useful and cost-effective payment option, offering merchants preferred built-in cash-flow money management tools and financial dashboards. Many of the medium and larger enterprises are well taken care of by the banks, and thus more comfortable with internet banking for transfers and business remittance. On the other hand, freelancers and micro businesses, which are still largely underserved segments of the market, value the simplicity and transparency that digital solutions such as mobile wallets offer.

In general, the general adoption of B2B digital payments is still rather low, and the industry needs to be more proactive in promoting its growth and greater use. Fintech players can help enhance the access of micro businesses to digital infrastructure, help small business owners increase their familiarity with digital payments and address cybersecurity concerns.

In addition, Fintech companies should focus on providing cash management and monitoring features. Digital payments may enhance the visibility of transaction data and help merchants better track their day-to-day cash flow. Small businesses also need additional support such as accounting, financial and tax advisory services.

The payment solutions also need to be viable and scalable to support businesses at multiple stages of growth. For example, the ability to facilitate larger cross-border remittance amounts in real-time within Southeast Asia can support businesses as they scale regionally.

Fintech companies should also consider introducing more advanced cybersecurity features for digital payments to give business owners more confidence to undertake digital transactions with their regional counterparts.

In Asia-Pacific, players are building B2B payment systems on the blockchain. Visa Inc. is developing a new platform known as Visa B2B connect, which is a simple, fast and secure way to process cross-border B2B payments.

(Source: "Digital Payments: B2B segment slow to adopt cashless methods" dated 22 November 2021, The Edge Malaysia)

5.7 Overview and outlook of the bus and coach industry in Australia

Buses and coaches represent the most important mode of public transport. Every day, far more Australians are transported by bus and coach on the nation's road network than are moved by rail, even in the largest capital cities in Australia.

The bus and coach industry in Australia is predominantly based around the provision of school bus and public transport (route) services that are provided under state and territory government contractual arrangements. These contracted services are primarily provided by privately owned international and domestic bus and coach businesses. Some services continue to be government owned. The industry also provides services in the special school transport, and emerging markets such as aged care and community transport and health and para-transit markets, that are government contracted or privately contracted. The bus and coach industry also provide services, in what might be termed, the 'deregulated' market providing charter, tourism, long distance, mining, correctional and other niche transport services that support other industries.

Over the past 15 years greater competition has appeared in the Australian bus and coach market place with fully built vehicles mainly from Asia, Europe and South America being imported. In 2020, 88.9% of public transport passenger route service buses and 59.6% of school buses are manufactured in Australia, the majority built by Australian body manufacturers on a European or Asian chassis; the remainder being fully imported buses and coaches primarily from Asia, with some from Europe and South America.

A total of 17,969 buses were delivered into the Australian marketplace for the calendar years 2008 to 2019. The 2019 and 2020 industry reported deliveries of buses and coaches were 1,449 and 1,226 respectively. The economic impact of COVID-19 on the manufacturing sector was most evident in the delivery of long distance coaches seeing a down-turn of 74% from 2019. Route bus deliveries were also down by 20% whilst Charter and School bus deliveries remained consistent throughout 2020.

Charter and tour coaches play an important role in meeting the needs of local, interstate and international tourists and visitors. There is a clear link between the travels of international visitors (as measured by total nights spent) and their transport modal preferences. Long distance coach performs strongly for visitors to the Australian Capital Territory as well as in Queensland. Interurban rail is most prevalent in New South Wales and is almost non-existent beyond the eastern seaboard. Aircraft and self-drive vehicle show up as proportional to the visitor numbers in each state/ territory (as indeed they dominate as preferred modes). Visitor mode choice also varies by trip purpose. Apart from ship, boat or ferry, bus and coach users are most likely to be travelling for holiday, followed by education.

The Bus Industry Confederation of Australia sees future bus technology to be fully electric vehicles based on a transition that takes into account the Australian circumstance when it comes to the existing fleet and a range of other factors. A small number (less than a hand full) of large buses operate on Australian roads. There are a number of electric bus trials underway around Australia, with no real commitment as yet to move to a fully electric fleet. The Australian Capital Territory government has made some announcements to this effect. In July 2019, the Victorian government announced that it will procure 50 hybrid electric buses to be delivered by 2022. The decision to move to hybrid technology by the Victorian government in some way reflects the realities of the Australian bus market-place and the challenges of introducing a fully electric bus fleet in the context of a low emission Euro VI diesel bus that delivers significant reliability and whole of life benefits and surprisingly to some, emission benefits.

(Source: Australian Bus and Coach Industry: A Snapshot, September 2021, Bus Industry Confederation Inc.)

5.8 Prospects of the Group

5.8.1 Property Development and Investment Division

(i) Property Investment (Hospitality & Services)

For the near term, the Group will focus on domestic tourism in respective countries where the Group's hotels are located as it expects domestic demand to recover faster than international demand.

The latest announcement by the government to reopen Malaysia's borders to international visitors from 1 April 2022, allowing travellers who are fully vaccinated against COVID-19 to enter the country without quarantine is expected to augur well for the Group's hospitality properties located across Malaysia. Malaysia shut its borders 2 years ago on 18 March 2020, when the COVID-19 was spreading rapidly around the world.

The Group took the opportunity during the border closures to introduce new facilities (such as a new thematic pool specially designed for corporate team-building activities and a children fun pool for family) and upgrading works for guestrooms and toilets since 2020. This will position the 2 hotels of the Group, namely Holiday Villa Beach Resort & Spa Langkawi and Holiday Villa Beach Resort & Spa Cherating to be in a competitive position to attract the domestic and international travellers for 2022. The existing renovation works on the Group's aparthotel in Philbeach Gardens, Earls Court, London is underway and is expected to complete in fourth quarter of 2022. With this, the Group is expected to capitalise on the aparthotel in London once the hotel industry recovers. Further, Holiday Villa Hotel & Residence Shanghai Jiading P.R.C. was on its upward trend since beginning of 2022, but experienced a downward trend for March 2022 pursuant to a surge of the COVID-19 cases in China which resulted in many cities, including Shanghai, experiencing a wide lockdown. Despite the aforesaid lockdown, during the period from March 2022 to May 2022, Holiday Villa Hotel & Residence Shanghai Jiading P.R.C. still generated income as the rooms were reserved by the China authority for quarantined guests and/or their medical staff and workers.

In addition, the Group intends to establish a Sea Camp Resort on a 2.5 acres' vacant land in Holiday Villa Beach Resort & Spa Cherating. This concept will be targeted for corporate development programmes. Also, it serves to attract young adults and students who favour outdoor and adventurous activities and provides event organisers an alternative location to organise endurance training courses during weekends and school holidays similar to the popular summer programmes in western countries such as the UK.

Furthermore, Yap Ah Shak House in Kuala Lumpur, a detached commercial five (5)-storey building in which the Group currently owns a 70% interest therein, had completed its renovations and refurbishment works in 2021, which had successfully turned Yap Ah Shak House into a high quality mixed-use property comprising serviced offices, meeting facilities, an event hall as well as two floors of food and beverage operations on the ground floor and roof terrace. Operation and management of the serviced offices, meeting facilities, event hall and food and beverage venues at Yap Ah Shak House are internalised and undertaken by subsidiaries of ASB. This mixed-use investment property of the Group in the heart of Kuala Lumpur, Malaysia will be fully operational in 2022. Given its strategic location in Kuala Lumpur, the Group believes that the potential income to be generated from Yap Ah Shak House will contribute positively to the future earnings of the division.

(ii) Property Development

The property development division has obtained development approvals for Phase 2 of the Federal Park project and Sejijak project. Subject to the approval from the relevant authorities for the building and engineering plans, the Phase 2 of the Federal Park project, comprising 116 residential houses, is expected to be launched in the third quarter of 2022, and followed by the launching of the Sejijak project, comprising 208 units of residential houses, towards end of year 2022.

The management expects the earnings visibility of its property development division to be further underpinned after the launching of the Phase 2, Federal Park project and Sejijak project, with gross development values in excess of RM110 million for the two projects.

As a reputable niche player, the division will remain focused on its target market segment of medium to medium-low priced properties. Although the property market in Kuching is expected to remain soft due to the negative impact of the COVID-19 and increasingly stringent financing requirements, with the right pricing and affordability for its development properties, the Group is confident of the marketability of its properties to provide a steady income stream.

5.8.2 Financial Services Division

B2B payment practices and methods in many developing economies in South East Asia remain largely unchanged for decades, with Malaysia being no exception. While the digitisation of consumer payments progressed rapidly in the age of e-commerce and was further accelerated by both the emergence of e-wallets and the conditions brought about by the COVID-19, B2B payments in many industries dominated by SMEs in Malaysia continue to rely primarily on traditional modes such as cash or cheque.

In view of the low utilisation of B2B payment among the enterprises as well as the effort of the government in promoting digital economy, the Group foresees that the outlook of digital payment industry in Malaysia as set out in Section 5.6, Part A of this Circular is favourable to the Group's financial services business through the development of the New Payment Application Services.

The Group presently, has focused on its financial services division to expand its merchant acquiring services business through Paydee. Paydee, the Group's payment solutions provider, has in year 2021 initiated the process of evolving its operations, technologies and application services to better address the enormous opportunity for innovation in the SME market for B2B payments. Pursuant thereto, Paydee is in the midst of developing the New Payment Application Services.

The New Payment Application Services will allow the local enterprises to make fast, transparent and efficient payments as compared to the existing traditional payment methods such as cash and cheque. Enterprises can also access to the New Payment Application Services via their mobile devices to perform contactless payments and to track and manage their cash flow remotely.

In addition, the New Payment Application Services would complement the existing digital payment platforms (such as direct debit, QR pay and e-wallets) as the New Payment Application Services will provide an integration to the existing digital payment platforms together with new digital capabilities such as integrated systems that support online applications by SMEs, shorter period of the merchant acquiring process and analytical tools for cash flow management.

Premised on the above, and barring any unforeseen circumstances, the Board and management are cautiously optimistic about its new product roadmap, business development strategies and the financial contribution that may be accrued from the development of the New Payment Application Services to ASB Group moving forward and ASB will be in an opportunistic position to capitalise on the rising e-commerce activities in Malaysia.

5.8.3 Bus-body fabrication division

The Group's bus-body fabrication division remains focused to ensure its production is cost efficient and able to provide for timely delivery of its buses.

The bus models of Autobus LF 12250, Autobus LF 10200 and Autobus SD 12300 were approved by Kementerian Perdagangan Dalam Negeri, Koperasi Dan Kepenggunaan to affix the "Barangan Buatan Malaysia" ("Product Made In Malaysia") logo. The Autobus model series is designed and built in compliance with the internationally recognised safety standards.

In view that the testing and certification for the Group's fabricated bus body in Australia has been completed, the management is cautiously optimistic on the delivery of buses to Australia in the year ahead. Although the COVID-19 pandemic including the various measures implemented by the government to combat the spread of virus (such as movement control orders and limitation of workforce allowed) had affected the business operations during the movement control order, this has not derailed the Group's business plan for the Australian market.

Our bus-body fabrication division targets to increase its production from 4 buses per month to 20 buses per month for the next 2 years in anticipation of the increasing orders received from the Australian market. With the various measures put in place, the Board and management are cautiously optimistic that the division is in a good position to manage the challenges in year 2022.

(Source: The management of ASB)

5.8.4 Impact of COVID-19 on ASB Group

The COVID-19 outbreak has caused global economic slowdown since early 2020, which had a material adverse impact on ASB Group's operations for the FYEs 2020 and 2021.

Most of the Group's operations were halted or operated with reduced scale in FYE 2020. Fortunately, the impact on the Group's ICT division, which operates primarily in the field of telecommunications, was minimal. The travel and tours as well as hospitality divisions were the most severely affected. As a result, ASB Group's revenue decreased significantly by RM158.28 million or 57.45% to RM117.24 million in FYE 2020 from RM275.52 million in FYE 2019 and registered an LAT of RM26.89 million in FYE 2020 as opposed to a profit after tax of RM81.33 million in FYE 2019.

The COVID-19 continued to significantly impact the Group in FYE 2021 with the hospitality, travel and tours as well as financial services divisions being the hardest hit. Fortunately, the impact on ICT division, which operates primarily in the field of telecommunications remained minimal. ASB Group remained resilient and with the diverse businesses and efficient cost discipline to mitigate the adverse impact. ASB Group's revenue decreased slightly by RM0.95 million or 0.81% to RM116.29 million in FYE 2021 from RM117.24 million in FYE 2020 but recorded a lower LAT of RM1.41 million in FYE 2021 as compared to a higher LAT of RM26.89 million in FYE 2020.

After enduring the COVID-19 for two (2) years, the Board is cautiously optimistic on ASB Group's prospects for the FYE 2022 after having considered Malaysia's transition to endemic phase and the relaxation of restrictions globally but remains mindful of the challenges of COVID-19. Thus, the successful execution of our business plans with tight focus on costs and continued investment into our businesses to improve ASB Group's financial performances are critically important for the year ahead.

(Source: The management of ASB)

6.0 EFFECTS OF THE PROPOSALS

The Proposed Exemption will not have any effect on ASB Group's issued share capital, earnings, EPS, NA, gearing and substantial shareholders' shareholdings.

6.1 Issued share capital

The pro forma effects of the Proposed Rights Issue and Proposed SGS on the issued share capital of ASB are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
As at the LPD	929,194,943	381,376,645	929,194,943	381,376,645
To be issued pursuant to the Proposed Rights Issue	1,454,545,455	⁽¹⁾ 80,000,000	1,858,389,886	⁽¹⁾ 102,211,444
After the Proposed Rights Issue	2,383,740,398	461,376,645	2,787,584,829	483,588,089
To be issued pursuant to the Proposed SGS	⁽²⁾ 238,374,040	⁽³⁾ 16,972,232	⁽²⁾ 278,758,483	⁽³⁾ 19,847,604
Enlarged issue share capital	2,622,114,438	478,348,877	3,066,343,312	503,435,693

Notes:-

- (1) Computed based on the Indicative Issue Price.
- (2) Calculated based on ten percent (10%) of the total number of issued shares of the Company pursuant to the Proposed SGS, assuming that the Proposed SGS is implemented after the completion of the Proposed Rights Issue and the Grants are satisfied entirely via issuance of new ASB Shares only.
- (3) For illustrative purposes, calculated based on the assumed grant price of RM0.0712, being the TERP of ASB Shares, computed based on five (5)-day VWAMP of the ASB Shares up to and including the LPD of RM0.1035 per Share following the completion of the Proposed Rights Issue. For avoidance of doubt, the Proposed SGS will only be implemented after the completion of the Proposed Rights Issue.

The Proposed SGS will not have an immediate effect on the existing issued share capital of ASB until such time when the SGS Shares granted are vested. The issued share capital of the Company may increase progressively depending on the number of new ASB Shares which may be issued pursuant to the Proposed SGS during the tenure of the Scheme. However, should the SGS Shares comprised in the Grants be satisfied via acquisition of existing ASB Shares from the Main Market of Bursa Securities and/or transfer of the Company's treasury shares (if any), there will be no effect on the issued share capital of the Company.

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6.2 Earnings and EPS

Barring any unforeseen circumstances, the Proposed Rights Issue is expected to contribute positively to the future earnings of the Group when the benefits of the utilisation of proceeds as detailed under Section 3.0, Part A of this Circular are realised. Nonetheless, the Proposed Rights Issue and Proposed SGS will result in a dilution of the consolidated EPS of ASB pursuant to the increase in the number of ASB Shares in issue following the issuance of the Rights Shares as well as the SGS Shares and the cost arising from the Grants based on the market price of ASB Shares pursuant to the vesting period of the Grants.

In accordance with MFRS 2, the cost arising from the Grants is required to be measured at the Grant Date based on the fair value of the Grants and recognised as an expense over the vesting period of the Grants. The quantum of such impact cannot be reliably ascertained at this point in time as such effects on the earnings of the Company are dependent on, inter alia, the actual number of SGS Shares granted and vested as well as the grant price of the SGS Share. It is important to note that for the issuance of new ASB Shares pursuant to the Grant, the estimated cost does not represent a cash outflow by the Company as it is merely an accounting treatment in the statement of comprehensive income of ASB over the vesting period of such Grants.

6.3 NA and gearing

Save for the potential impact of the MFRS 2 on share-based payment as described in Section 6.2, Part A of this Circular, the Proposed SGS is not expected to have an immediate effect on the NA, NA per Share and gearing of the Group until such time when the new ASB Shares are issued and/or transferred pursuant to the vesting of the Grants.

The pro forma effects of the Proposed Rights Issue on the consolidated NA per Share and gearing of ASB based on the latest audited consolidated financial statements of ASB for the FYE 2021 are as follows:-

	Audited as at 31.12.2021 RM'000	<u>Minimum Scenario</u> After Proposed Rights Issue RM'000	<u>Maximum Scenario</u> After Proposed Rights Issue RM'000
Share capital	381,377	461,377	483,588
Other reserves	28,346	28,346	28,346
Retained earnings	43,626	*42,426	*42,426
Shareholders' equity / NA	453,349	532,149	554,360
Non-controlling interest	83,837	83,837	83,837
Total equity	537,186	615,986	638,197
No. of Shares ('000)	929,195	2,383,740	2,787,585
NA per Share (RM)	0.49	0.22	0.20
Borrowings (RM'000)	105,350	105,350	105,350
Gearing (times)	0.20	0.17	0.17

Note *:- After deducting the estimated expenses incidental to the Proposals of approximately RM1.20 million.

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6.4 Substantial shareholders' shareholdings

The Proposed SGS is not expected to have any immediate effect on the substantial shareholders' shareholdings in the Company. Any dilution to the substantial shareholders' shareholdings in the Company arising from the Proposed SGS will depend on the number of new ASB Shares granted under the Proposed SGS at any point in time.

The pro forma effects of the Proposed Rights Issue on the substantial shareholders' shareholdings in the Company are as follows:-

Substantial shareholders	As at the LPD						Minimum Scenario						Maximum Scenario					
	Direct			Indirect			Direct			Indirect			Direct			Indirect		
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%		
DASB	76,810,009	8.27	*139,391,853	15.01	1,531,355,464	64.24	*139,391,853	5.85	230,430,027	8.27	*418,175,559	15.01	242,399,778	8.70	-	-		
SDSB	80,799,926	8.70	-	-	80,799,926	3.39	-	-	175,775,781	6.31	-	-	-	-	-	-		
BESB	58,591,927	6.31	-	-	58,591,927	2.46	-	-	-	-	-	-	-	-	-	-		

*Note *:- Deemed interested by virtue of his interest in SDSB and BESB pursuant to Section 8 of the Act.*

6.5 Convertible securities

As at the LPD, the Company does not have any other convertible securities.

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7.0 HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the ASB Shares as traded on Bursa Securities for the past twelve (12) months up to the LPD are as follows:-

	Highest (RM)	Lowest (RM)
<u>2021</u>		
June	0.170	0.140
July	0.185	0.145
August	0.230	0.140
September	0.150	0.135
October	0.140	0.130
November	0.140	0.100
December	0.110	0.100
<u>2022</u>		
January	0.125	0.105
February	0.125	0.100
March	0.115	0.090
April	0.115	0.095
May	0.115	0.110
Last transacted market price on 10 March 2022 (being the latest Market Day preceding the announcement of the Proposals)		0.115
Last transacted market price as at the LPD		0.105

(Source: Bloomberg)

8.0 APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:-

- (i) Bursa Securities for the listing of and quotation for the Rights Shares and such number of new ASB Shares, representing up to ten percent (10%) of the total number of issued shares of ASB (excluding treasury shares, if any), to be issued pursuant to the Proposed SGS, on the Main Market of Bursa Securities.

The approval of Bursa Securities was obtained vide its letter dated 19 May 2022. The approval by Bursa Securities for the Proposed Rights Issue is subject to the following conditions:-

Condition	Status of compliance
(a) ASB and KAF IB, being the adviser for the Proposed Rights Issue, must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue.	To be complied
(b) ASB/KAF IB to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders in general meeting approving the Proposed Rights Issue prior to the listing and quotation of the Rights Shares to be issued pursuant to the Proposed Rights Issue.	To be complied

Condition	Status of compliance
(c) ASB and KAF IB to inform Bursa Securities upon the completion of the Proposed Rights Issue.	To be complied
(d) ASB and KAF IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue is completed.	To be complied

The approval by Bursa Securities for the Proposed SGS is subject to the following conditions:-

Condition	Status of compliance
(aa) KAF IB is required to submit a confirmation to Bursa Securities of full compliance of the Proposed SGS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation.	To be complied
(bb) KAF IB to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders in general meeting approving the Proposed SGS.	To be complied
(cc) ASB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the Proposed SGS, as at the end of each quarter together with a detailed computation of listing fee payable.	To be complied
(ii) the SC:-	
(a) notified on 17 June 2022 that it has no further comments to the contents of this Circular in relation to the Proposed Exemption; and	
(b) for the Proposed Exemption, of which the approval will be sought after the EGM;	
(iii) shareholders of the Company for the Proposals at the EGM to be convened; and	
(iv) any other relevant authorities and/or parties, if required.	

The Proposals are not conditional upon any other proposal undertaken or to be undertaken by the Company. The Proposed Rights Issue and the Proposed Exemption are inter-conditional upon each other, whilst the Proposed SGS is not conditional upon the Proposed Rights Issue and Proposed Exemption, and vice versa.

Pursuant thereto, in the event that the non-interested shareholders of the Company or the SC does not approve the Proposed Exemption, the Proposed Rights Issue will not be implemented.

9.0 INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

Save for their respective entitlements as shareholders of ASB under the Proposed Rights Issue, which are also available to the other shareholders of the Company, including their right to apply for excess Rights Shares, which are also available to all other shareholders of the Company and save as disclosed below, none of the directors, major shareholders, chief executive and persons connected with them have any interest, direct or indirect, in the Proposed Rights Issue and the Proposed Exemption.

In view of the below and with due regard to the inter-conditionality of the Proposed Rights Issue and Proposed Exemption, DASB and the PACs are deemed interested in the Proposed Rights Issue and Proposed Exemption. Accordingly, DASB, Aryati Sasya and Anton Syazi, who are directors of ASB have abstained and will continue to abstain from all deliberations and voting in relation to the Proposed Rights Issue and Proposed Exemption at the relevant Board meetings. In addition, the Interested Parties will also abstain from voting and/or undertake to ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in ASB on the resolutions pertaining to the Proposed Rights Issue and Proposed Exemption to be tabled at the EGM to be convened.

All of the directors of the Company are entitled to participate in the Proposed SGS and are therefore deemed interested to the extent of their respective allocations under the Proposed SGS. Accordingly, the directors of ASB have deliberated and voted on the Proposed SGS as a whole at the relevant Board meetings. Nevertheless, the Interested Directors have and will continue to abstain from all Board deliberations relating to the respective proposed allocation of the SGS Shares to themselves.

The Interested Directors also undertake to ensure that they and person connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in ASB, on the relevant resolutions pertaining to the respective proposed allocations of the SGS Shares to themselves at the EGM to be convened.

As at the LPD, the direct and indirect shareholdings of the Interested Parties and Interested Directors in ASB are as follows:-

Name	Relationship	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
<u>Interested Parties and Interested Directors</u>					
DASB	Being the director, shareholder and Undertaking Shareholder	76,810,009	8.27	⁽¹⁾ 139,391,853	15.01
Aryati Sasya	Being a director and PAC to DASB	22,308,000	2.40	-	-
Anton Syazi	Being a director and PAC to DASB	-	-	⁽²⁾ 30,467,000	3.28
<u>Interested Parties</u>					
SDSB	Being the PAC to DASB	80,799,926	8.70	-	-
BESB	Being the PAC to DASB	58,591,927	6.31	-	-
ERSB	Being the PAC to Anton Syazi	30,467,000	3.28	-	-
<u>Interested Directors</u>					
Lee Su Nie	Group Managing Director	-	-	⁽³⁾ 365,000	0.04
Puan Sri Datin Masri Khaw Abdullah	Non-Independent Non-Executive Director	-	-	⁽⁴⁾ 12,000,000	1.29
Yong Teck Ming	Independent Non-Executive Director	-	-	-	-
Rali Mohd Nor	Independent Non-Executive Director	-	-	-	-
Kam Kin Foong	Independent Non-Executive Director	-	-	-	-

Notes:-

(1) Deemed interested by virtue of his interest in SDSB and BESB pursuant to Section 8 of the Act.

- (2) *Deemed interested by virtue of his interest in ERSB pursuant to Section 8 of the Act.*
- (3) *Deemed interested by virtue of the shareholdings of her spouse in the Company.*
- (4) *Deemed interested by virtue of her interest in ASH Holdings Sdn Bhd pursuant to Section 8 of the Act.*

10.0 DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for DASB, Aryati Sasya and Anton Syazi), having considered all aspects of the Proposed Rights Issue and Proposed Exemption, including but not limited to the rationale and financial effects of the Proposed Rights Issue and Proposed Exemption, is of the opinion that the Proposed Rights Issue and Proposed Exemption are in the best interest of the Company. Accordingly, on the basis above, the Board (save for DASB, Aryati Sasya and Anton Syazi) recommends that you vote in favour of the resolutions pertaining to the Proposed Rights Issue and Proposed Exemption to be tabled at the forthcoming EGM.

As for the Proposed SGS, all the directors of the Company are entitled to participate in the Proposed SGS and therefore the Board (save for the Interested Directors to the extent of their respective allocations of SGS Shares to themselves), having considered all aspects of the Proposed SGS, including but not limited to the rationale and financial effects of the Proposed SGS, is of the opinion that the Proposed SGS is in the best interest of the Company and accordingly, on the basis above, recommends that you vote in favour of the resolution pertaining to the Proposed SGS to be tabled at the forthcoming EGM.

11.0 OUTSTANDING CORPORATE EXERCISES

There are no other intended corporate exercises/schemes which have been announced but yet to be completed by the Group prior to the printing of this Circular, save for the Proposals and as disclosed below:-

- (i) On 6 November 2020, Mayor Hotels Sdn Bhd ("**MHSB**"), an indirect wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement ("**SPA**") with M1 Plaza Sdn Bhd to dispose of the hotel property known as City Villa Kuala Lumpur located at No. 69, Jalan Haji Hussein, Off Jalan Tuanku Abdul Rahman, 50300 Kuala Lumpur on "as is where is" basis for a total cash consideration of RM24,000,000 subject to the terms and conditions as stipulated in the SPA ("**Proposed City Villa Disposal**"). Barring any unforeseen circumstances, the Proposed City Villa Disposal is expected to be completed in the fourth quarter of 2024; and
- (ii) On 8 August 2019, Cherating Holiday Villa Berhad ("**CHV**"), an indirect wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement with Amanah Raya Berhad for CHV to buy back a resort hotel consisting of an administration building, hotel/apartment blocks, standard and individually designed chalets and villas as well as other ancillary buildings and structures known as Holiday Villa Beach Resort & Spa Cherating ("**Hotel**"), measuring in aggregate area of approximately 42,634.7875 square meters for a buy back price of RM22,965,600 only free from all encumbrances and on an "as is where is" basis ("**Proposed CHV Buyback**"). Barring any unforeseen circumstances, the Proposed CHV Buyback is expected to be completed in the second half of year 2029.

For the avoidance of doubt, despite Proposed CHV Buyback is only expected to be completed in the second half of year 2029, the Group intends to commence the construction for the Sea Camp Resort in the Hotel by mid-2023 as the Group is the operator of the Hotel and will be the owner of the Hotel upon completion of the Proposed CHV Buyback.

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12.0 ESTIMATED TIME FRAME FOR COMPLETION OF THE PROPOSALS

Subject to the approvals as stated in Section 8.0, Part A of this Circular and barring any unforeseen circumstances, the Proposals are expected to be completed by the fourth quarter of 2022. The tentative timetable in relation to the Proposals is set out below:-

Date	Events
29 July 2022	Convening of the EGM to obtain the approval of the shareholders of ASB for the Proposals
Early August 2022	Submission of the application in relation to the Proposed Exemption to the SC
End August 2022	Announcement of the Entitlement Date
Mid-September 2022	Entitlement Date
Mid-October 2022	Listing of and quotation for the Rights Shares on Bursa Securities / Completion of the Proposed Rights Issue

13.0 EGM

The EGM, the notice of which is enclosed in this Circular, will be held and conducted by way of virtual meeting entirely through live streaming and online remote voting via the Remote Participation and Voting Facilities from the Dvote Online operated by Dvote Services Sdn Bhd at the Board Room, Ground Floor, Synergy 9, 9 Jalan Kajibumi U1/70, Temasya Glenmarie, 40150 Shah Alam, Selangor, Malaysia via the link at <https://www.DigitizeVote.my> on Friday, 29 July 2022 at 10:00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the relevant resolutions pertaining to the Proposals.

If you are unable to attend and vote in person at the forthcoming EGM, you may complete, sign and return the Proxy Form enclosed with this Circular in accordance with the instructions printed therein as soon as possible so as to arrive at the Registered Office of ASB at Ground Floor, Synergy 9, 9 Jalan Kajibumi U1/70, Temasya Glenmarie, 40150 Shah Alam, Selangor, Malaysia not later than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Shareholders are advised to refer to the Administrative Guide for the virtual EGM on the registration and voting process for the EGM.

14.0 FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendices of this Circular for further information.

Yours faithfully,
For and on behalf of the Board
ADVANCE SYNERGY BERHAD

LEE SU NIE
Group Managing Director

PART B

**INDEPENDENT ADVICE LETTER BY THE INDEPENDENT
ADVISER TO THE NON-INTERESTED SHAREHOLDERS OF
ASB IN RELATION TO THE PROPOSED EXEMPTION**

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meaning as the words and expressions defined in the "Definitions" section in Part A of the Circular, except where the context otherwise requires or where otherwise defined herein. All references to "we", "us" or "our" in this IAL are references to AIS, being the Independent Adviser in relation to the Proposed Exemption.

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSED EXEMPTION. NON-INTERESTED SHAREHOLDERS OF ASB ARE ADVISED TO READ AND UNDERSTAND THIS IAL IN ITS ENTIRETY, TOGETHER WITH THE LETTER TO SHAREHOLDERS IN PART A OF THE CIRCULAR AND THE ACCOMPANYING ATTACHMENTS FOR OTHER RELEVANT INFORMATION AND NOT TO RELY SOLELY ON THIS EXECUTIVE SUMMARY IN FORMING AN OPINION ON THE PROPOSED EXEMPTION.

YOU ARE ALSO ADVISED TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN THIS IAL BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

1. INTRODUCTION

On 11 March 2022, KAF IB had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Rights Issue, Proposed Exemption and Proposed SGS, whereby the Proposed Rights Issue will be undertaken on the Minimum Scenario.

The Minimum Scenario will be met via the Undertaking from DASB (the ultimate largest shareholder of ASB by virtue of his direct and deemed interest in ASB Shares) to apply and subscribe in full for his entitlement for the Rights Shares and additional Rights Shares under Excess Application.

Assuming that only DASB subscribes for the Rights Shares at the Indicative Issue Price under the Proposed Rights Issue based on his Undertaking, his shareholding in ASB is expected to increase from 8.27% to 64.24% while the collective shareholdings of DASB and parties which are subject to his statutory control, i.e. SDSB and BESB will increase from 23.28% to 70.09% upon completion of the Proposed Rights Issue under the Minimum Scenario. In addition, based on the Minimum Scenario and pursuant to the Undertaking, the collective shareholdings of DASB and his PACs in ASB will increase from 28.96% to 72.31%.

Accordingly, the shareholding of DASB and his PACs, individually and collectively, will exceed 33% of the enlarged issued share capital of ASB upon completion of the Proposed Rights Issue. Pursuant thereto, DASB and his PACs will be obliged to undertake a Mandatory Offer in accordance with the Rules. As it is not the intention of DASB and the PACs to extend the Mandatory Offer in ASB as a result of the abovementioned circumstances, DASB and the PACs intend to seek for the approvals from the non-interested shareholders of ASB and the SC for the Proposed Exemption.

Please refer to Section 2.2, Part A of the Circular and Section 1 of this IAL for further details of the Proposed Exemption.

In this respect, the Board has on 7 March 2022 appointed AIS to act as the Independent Adviser to advise the non-interested Directors and the non-interested shareholders of ASB on the Proposed Exemption. Subsequently, on 9 March 2022, we had declared our independence from conflict of interest to the SC to act as the Independent Adviser for the Proposed Exemption.

EXECUTIVE SUMMARY

The SC had vide its letter dated 17 June 2022, notified that it has no further comments to the contents of this IAL. However, such notification shall not be taken to suggest that the SC agrees with the recommendations contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

For avoidance of doubt, the advice and recommendation from AIS in this IAL are applicable for the Proposed Exemption only. Shareholders of ASB should note that the Proposed Rights Issue and the Proposed Exemption are inter-conditional. As such, in the event that the non-interested shareholders of ASB or the SC does not approve the Proposed Exemption, the Proposed Rights Issue will not be implemented.

The purpose of this IAL is to provide the non-interested shareholders of ASB with our independent evaluation on the fairness and reasonableness of the Proposed Exemption on a holistic basis together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified herein, in relation to the Proposed Exemption. The non-interested shareholders of ASB should nevertheless rely on their own evaluation of the merits and demerits of the Proposed Exemption prior to making decision on the course of action to be taken at the forthcoming EGM.

Please refer to Section 1 of this IAL for further details.

2. EVALUATION OF THE PROPOSED EXEMPTION

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Exemption on a holistic basis in accordance with Schedule 2: Part III of the Rules. In this regard, we have taken into consideration the following factors in forming our opinion:

Factors	AIS's comments																																	
Section 6.1 Rationale for the Proposals	<p><u>Proposed Rights Issue</u></p> <p>Based on the Indicative Issue Price, the proceeds to be raised from the Proposed Rights Issue are intended to be utilised by the Group in the following manner:</p> <table border="1"><thead><tr><th></th><th>Minimum Scenario RM'000</th><th>Maximum Scenario RM'000</th></tr></thead><tbody><tr><td>Utilisation of proceeds</td><td></td><td></td></tr><tr><td>Investment in existing businesses and/ or future business expansion/ new strategic investment</td><td></td><td></td></tr><tr><td>(a) Development of New Payment Application Services</td><td>35,200</td><td>35,200</td></tr><tr><td>(b) Hospitality</td><td>3,000</td><td>3,000</td></tr><tr><td>(c) Development Projects</td><td>11,500</td><td>11,500</td></tr><tr><td>(d) Bus Body Orders</td><td>3,500</td><td>3,500</td></tr><tr><td>(e) Potential suitable/ viable acquisitions, collaborative arrangements, and/or investment in businesses and/or assets that are similar or complementary to the Group's existing businesses</td><td>-</td><td>22,211</td></tr><tr><td>Working capital</td><td>25,600</td><td>25,600</td></tr><tr><td>Estimated expenses</td><td>1,200</td><td>1,200</td></tr><tr><td>Total</td><td>80,000</td><td>102,211</td></tr></tbody></table>		Minimum Scenario RM'000	Maximum Scenario RM'000	Utilisation of proceeds			Investment in existing businesses and/ or future business expansion/ new strategic investment			(a) Development of New Payment Application Services	35,200	35,200	(b) Hospitality	3,000	3,000	(c) Development Projects	11,500	11,500	(d) Bus Body Orders	3,500	3,500	(e) Potential suitable/ viable acquisitions, collaborative arrangements, and/or investment in businesses and/or assets that are similar or complementary to the Group's existing businesses	-	22,211	Working capital	25,600	25,600	Estimated expenses	1,200	1,200	Total	80,000	102,211
	Minimum Scenario RM'000	Maximum Scenario RM'000																																
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Working capital	25,600	25,600																																
Estimated expenses	1,200	1,200																																
Total	80,000	102,211																																

Factors	AIS's comments
	<p data-bbox="528 264 906 293">(i) Funding for the Investments</p> <p data-bbox="576 320 1129 349"><u>Development of New Payment Application Services</u></p> <p data-bbox="576 376 1388 568">We note that the proceeds are earmarked for the development of the New Payment Application Services. The New Payment Application Services are intended to provide the SMEs a seamless end-to-end digital payment solution. We are of the view that the relatively low level of digitisation of payment methods and practices among SMEs, together with the Malaysian Government's initiative would provide opportunities for the Group's Financial Services Division to capture the market share.</p> <p data-bbox="576 595 692 624"><u>Hospitality</u></p> <p data-bbox="576 651 1388 952">We note that the proceeds are earmarked for the establishment of Sea Camp Resort in Holiday Villa Beach Resort & Spa Cherating, Pahang, and/or refurbishment and renovation of hospitality properties. The Group plans to establish Sea Camp Resort on a 2.5 acres of vacant land in front of the seafront resort. We also note that the Group had introduced new facilities and upgrading works for its hotels and refurbishment of guestrooms for its existing hotels since year 2020. We are of the view that the Group would benefit from the establishment of the Sea Camp Resort and the introduction of new facilities and upgrading works for its existing hotels following the easing of restrictions of the standard operating procedures by Malaysian Government.</p> <p data-bbox="576 978 818 1008"><u>Development Projects</u></p> <p data-bbox="576 1034 1388 1364">We note that the proceeds are earmarked for the development costs, mainly are building and infrastructure costs for Phase 2, Federal Park project and Sejajak project located in Kuching, Sarawak. The development of Phase 2 of the Federal Park project comprising 88 units of double storey terrace houses and 28 units of single storey terrace houses is expected to commence in third quarter of 2022, while the development of Sejajak project comprising 88 units of double storey terrace houses, 80 units of townhouses and 40 units of single storey terrace houses is expected to commence in fourth quarter of 2022. We are of the view that the earnings of its property development and investment division will be enhanced after the launching of the Phase 2, Federal Park project and Sejajak project, with gross development values in excess of RM110 million for the two projects.</p> <p data-bbox="576 1391 766 1420"><u>Bus Body Orders</u></p> <p data-bbox="576 1447 1388 1695">We note that the proceeds are earmarked for the operating expenses for the projected increase in the bus body orders from the Australian market. The revenue from this Bus Body Fabrication segment is expected to improve in the near future following the completion of the testing and certification for the Group's fabricated bus body by the Australian authority in third quarter of 2021. We are of the view that the increased production following the completion of the testing and certification for the Group's fabricated bus body by the Australian authority bodes well with the increasing orders received from the Australian market for the bus body.</p> <p data-bbox="576 1722 991 1751"><u>Financial Performance and Cash Flow</u></p> <p data-bbox="576 1778 1388 1971">In addition to the above proposed utilisation of proceeds, we note that the revenue of Group has been trending downward since FYE 2019. The Group's financial performance for the FYE 2020 was significantly affected by the COVID-19 pandemic where the Group registered decline of 57.45% in revenue as compared to FYE 2019. Further, the Group had generated negative operating cash flow for the FYE 2021 as a result of lower revenue registered for the financial year due to the impact of COVID-19.</p>

Factors	AIS's comments												
	<p data-bbox="574 257 1388 369">Based on the above, we are of the view that the investments in existing businesses and/or future business aforementioned are requisite and timely to minimise the impact of COVID-19 on the Group's businesses following the gradual local and global economic recovery.</p> <p data-bbox="526 392 981 425">(ii) Gearing Level and Interest Savings</p> <p data-bbox="574 448 1388 537">We have assessed the effect on the weighted average cost of capital ("WACC") and gearing ratio of the Group (under Maximum Scenario) under the following scenarios:</p> <table border="1" data-bbox="566 560 1380 728"> <thead> <tr> <th></th> <th>WACC (%)</th> <th>Gearing ratio (times)</th> </tr> </thead> <tbody> <tr> <td>Existing Scenario</td> <td>7.39</td> <td>0.20</td> </tr> <tr> <td>Equity Scenario</td> <td>9.02</td> <td>0.17</td> </tr> <tr> <td>Debt Scenario</td> <td>5.94</td> <td>0.40</td> </tr> </tbody> </table> <p data-bbox="574 750 1388 884">Without the Proposed Rights Issue as illustrated under Debt Scenario, the Group's WACC will decrease from 7.39% to 5.94%. Nonetheless, it is pertinent to note that the additional bank borrowings of RM102.21 million under the Debt Scenario would result in an increase in gearing ratio from 0.20 times to 0.40 times.</p> <p data-bbox="574 907 1388 1086">Under the Equity Scenario, the Group's WACC will increase from 7.39% to 9.02%. The increase in WACC is mainly due to higher k_e as a result of the Proposed Rights Issue. Following the issuance of the Rights Shares pursuant to the Proposed Rights Issue under Equity Scenario, the gearing of the Company will decrease from 0.20 to 0.17 due to the increase in shareholders' equity.</p> <p data-bbox="526 1108 1388 1198">(iii) Providing opportunity to all Entitled Shareholders to increase their equity participation in the Company on a pro-rata basis without diluting the Entitled Shareholders' percentage shareholding</p> <p data-bbox="574 1220 1388 1388">Provided that all Entitled Shareholders subscribe in full for their respective entitlements, the Proposed Rights Issue represents an opportunity to all Entitled Shareholders to subscribe the Rights Shares on a pro-rata basis without diluting their percentage of shareholdings in ASB. Further, the subscription by DASB via the Excess Application will be on terms which are identical to those offered to all other Entitled Shareholders.</p> <p data-bbox="526 1411 1388 1467">Premised on the above, we are of the view that the rationale for the Proposed Rights Issue is justifiable.</p> <p data-bbox="526 1489 774 1523"><u>Proposed Exemption</u></p> <p data-bbox="526 1545 1388 1691">The Proposed Exemption will relieve DASB and his PACs from the obligation to undertake the Mandatory Offer upon completion of the Proposed Rights Issue as it is not the intention of DASB and his PACs to undertake the Mandatory Offer. We have taken into considerations the following in assessing the Proposed Exemption:</p> <p data-bbox="526 1713 1388 1859">(i) the entitlements to the Rights Shares are renounceable and will be provisionally allotted on a proportionate basis in accordance to the shareholding of the Entitled Shareholders and are fair to all shareholders. However, the Entitled Shareholders should note that such rights' entitlements may not be traded at its theoretical value or intrinsic value;</p> <p data-bbox="526 1881 1388 2027">(ii) the Proposed Exemption is not intended to dilute the shareholding of the other Entitled Shareholders as the collective shareholding percentage of DASB and his PACs in ASB will only increase if the remaining Rights Shares are not subscribed for by the other Entitled Shareholders and/or their renounee(s)/transferee(s);</p>		WACC (%)	Gearing ratio (times)	Existing Scenario	7.39	0.20	Equity Scenario	9.02	0.17	Debt Scenario	5.94	0.40
	WACC (%)	Gearing ratio (times)											
Existing Scenario	7.39	0.20											
Equity Scenario	9.02	0.17											
Debt Scenario	5.94	0.40											

EXECUTIVE SUMMARY

Factors	AIS's comments
	<p>(iii) should all the Entitled Shareholders and/or their renouncee(s)/transferee(s) subscribe for their entitlements in full under the Proposed Rights Issue, there will not be any excess Rights Shares to be subscribed by DASB pursuant to his Undertaking; and</p> <p>(iv) given that the Proposed Rights Issue and Proposed Exemption are inter-conditional upon each other, the approval for the Proposed Exemption is necessary to facilitate and ensure the successful implementation of the Proposed Rights Issue.</p> <p>Please refer to Section 6.1 of this IAL for further details.</p> <p>Premised on the above, we are of the view that the rationale for the Proposed Exemption is justifiable.</p>
<p>Section 6.2 Issue price of the Rights Shares</p>	<p>We note that the Board intends to fix the Issue Price such that the issue price at a discount of between 10% and 30% to the TERP based on the five (5)-day VWAMP of ASB Shares, subject to a minimum Issue Price of RM0.05 ("Minimum Issue Price"). Based on our evaluation, we are of the view that the Issue Price of the Rights Shares is justifiable in view of the following:</p> <p>(i) the entitlements for the Proposed Rights Issue are proportionate to the respective shareholding of all Entitled Shareholders on the Entitlement Date;</p> <p>(ii) the subscription by DASB for the additional Rights Shares under Excess Application will be on terms that are identical to those offered to all other Entitled Shareholders;</p> <p>(iii) the Entitled Shareholders who choose not to subscribe for the Rights Shares can trade their rights' entitlements to the Rights Shares on the open market, and as such, those that choose to renounce their entitlements to the Rights Shares can sell all or part of their rights' entitlements to the Rights Shares in the market. However, the Entitled Shareholders should note that such rights' entitlements may not be traded at its theoretical value or intrinsic value;</p> <p>(iv) the Indicative Issue Price represents steep discount of 88.70% to the audited consolidated NA per ASB Share as at 31 December 2021 and discounts of 75.36% and 72.34% to the pro forma consolidated NA per ASB Share as at 31 December 2021 under the Minimum Scenario and Maximum Scenario, respectively;</p> <p>(v) the Minimum Issue Price represents steeper discount of 89.72% to the audited consolidated NA per ASB Share as at 31 December 2021 and discounts of 77.60% and 74.86% to the pro forma consolidated NA per ASB Share as at 31 December 2021 under the Minimum Scenario and Maximum Scenario, respectively; and</p> <p>(vi) the Entitled Shareholders have the same right to subscribe for their entitlements to the Rights Shares at the same issue price of Rights Shares.</p> <p>Notwithstanding the above, it is pertinent to note that should you not subscribe to your entitlements under the Proposed Rights Issue, this implies:</p> <p>(i) a significant dilution of the collective shareholdings of the non-interested shareholders from 71.05% to 27.70% upon the Proposed Rights Issue under the Minimum Scenario;</p> <p>(ii) transfer of value in the form of the Rights Shares at a discount of RM0.0162, or representing 22.75% to the TERP of ASB Shares based on five (5)-day VWAMP up to and including the LPD and at a significant discount of 88.70% to the audited consolidated NA per ASB Share as at 31 December 2021 of RM0.49 per ASB Share to the participating shareholders in the Proposed Right Issue based on the Indicative Issue Price; and</p>

Factors	AIS's comments
	<p>(iii) transfer of value in the form of the Rights Shares at a discount of RM0.0178, or representing 26.25% to the TERP of ASB Shares based on five (5)-day VWAMP up to and including the LPD and at a significant discount of 89.72% to the audited consolidated NA per ASB Share as at 31 December 2021 of RM0.49 per ASB Share to the participating shareholders in the Proposed Right Issue based on the Minimum Issue Price.</p> <p>Please refer to Section 6.2 of this IAL for further details.</p> <p>Premised on the above, we are of the view that the Issue Price of the Rights Shares is justifiable.</p>
<p>Section 6.3 Effects of the Proposals</p>	<p><u>Proposed Rights Issue</u></p> <p>(i) Share Capital</p> <p>Under Minimum Scenario, the issued share capital of ASB will increase from approximately RM381.38 million to RM461.38 million.</p> <p>Under Maximum Scenario, the issued share capital of ASB will increase from approximately RM381.38 million to RM483.59 million following the issuance of new ASB Shares on the assumption that all the Entitled Shareholders will fully subscribe for their respective entitlements under the Proposed Rights Issue.</p> <p>(ii) NA and gearing</p> <p>The pro forma NA will increase from approximately RM453.35 million to RM532.15 million (under Minimum Scenario) and RM554.36 million (under Maximum Scenario) due to the increase in the issued share capital of ASB pursuant to the Proposed Rights Issue.</p> <p>The gearing of the Company will slightly decrease from 0.20 to 0.17 (under both Minimum Scenario and Maximum Scenario) pursuant to the Proposed Rights Issue.</p> <p>(iii) Substantial shareholder's shareholding</p> <p>Under Minimum Scenario, the shareholding of DASB in ASB may potentially increase from 8.27% as at the LPD to a maximum of 64.24% of the total enlarged issued shares of ASB while the collective shareholdings of DASB and parties which are subject to his statutory control, i.e. SDSB and BESB will increase from 23.28% to 70.09% upon completion of the Proposed Rights Issue. In addition, based on the Minimum Scenario and pursuant to the Undertaking, the collective shareholdings of DASB and his PACs in ASB will increase from 28.96% to 72.31%.</p> <p>Under Maximum Scenario, assuming all Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue, there will be no effect on the substantial shareholders' percentage shareholding in ASB as the Rights Shares will be allotted on a pro-rata basis to all Entitled Shareholders.</p> <p>(iv) Earnings and EPS</p> <p>Following the increase in the issued share capital of ASB pursuant to the Proposed Rights Issue, the LPS will reduce from approximately 0.15 sen to approximately 0.06 sen (under Minimum Scenario) and 0.05 sen (under Maximum Scenario).</p> <p>Notwithstanding that, the Proposed Rights Issue will enable the Group to raise funds mainly to invest in existing businesses and/or future business expansion and/or new strategic investment.</p>

Factors	AIS's comments
	<p>As such, the Proposed Rights Issue is expected to contribute positively to the future earnings of the Group. Nonetheless, the Proposed Rights Issue will result in a dilution of the consolidated EPS/(LPS) of ASB pursuant to the increase in the number of ASB Shares in issue following the issuance of the Rights Shares. You should also note that there is no certainty on the realisation of the benefits arising from the utilisation of the proceeds from the Proposed Rights Issue.</p> <p><u>Proposed Exemption</u></p> <p>The Proposed Exemption, on a standalone basis, will not have any effect on the issued share capital, NA, NA per Share, gearing, substantial shareholders' shareholdings of the Company, earnings and EPS of the Group. However, the Proposed Exemption is necessary to facilitate the implementation of the Proposed Rights Issue.</p> <p>Please refer to Section 6.3 of this IAL for further details.</p> <p>Premised on the evaluation above, we are of the view that the overall effects of the Proposals are not detrimental to the interest of the non-interested shareholders of ASB.</p>
<p>Section 6.4 Industry outlook and future prospects of the Group</p>	<p>(i) Property Development and Investment Division (Hospitality)</p> <p>On back of the ongoing COVID-19 pandemic and taking into consideration the above, we are of the view that the hotel industry is expected to be challenging. However, we note that the management of ASB Group has been pivoting to capitalise on the opportunities arising from the domestic tourism following the latest announcement by the Government to reopen the Malaysia's borders to international visitors from 1 April 2022.</p> <p>(ii) Property Development and Investment Division (Property Development)</p> <p>We are of the view that the property market in Sarawak would remain soft due to the direct impact from the pandemic crisis and increasingly stringent financing requirements. However, we note that the management of ASB will undertake the appropriate measures in addressing the marketability of its properties, underpinned by the right pricing and affordability for its development properties.</p> <p>(iii) Financial Services Division</p> <p>We note that the landscape of digital payment industry has been accelerated underpinned by the COVID-19 impact, which has changed the trend of Malaysians in the adoption of digital payment and transactions. We note that the management of the Group has tapped into the enormous opportunities arising from the digital market of B2B payments by expanding its merchant acquiring services business through Paydee. The New Payment Application Services will benefit the SMEs in digital payments in a more efficient and transparent manner as compared to existing traditional payment methods.</p> <p>(iv) Bus-body Fabrication Division</p> <p>We note that the buses and coaches represent the most important mode of public transport in Australia as the provision of school bus and public transport (route) services are provided under state and territory government contractual arrangements. The management of the Group remained cautiously optimistic on the delivery of buses to Australia following the completion of testing and certification for the Group's fabricated bus body in Australia. We are of the view that the Group is expected to capitalise on the Australian market in view of its prior experience in delivering the orders of buses.</p> <p>Please refer to Section 6.4 of this IAL for further details.</p>

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Factors	AIS's comments
<p>Section 6.5 Implications of the Proposed Exemption</p>	<p>In the event the non-interested shareholders of ASB vote in favour of the Proposed Exemption:</p> <ul style="list-style-type: none"> (i) Voting in favour of the Proposed Exemption will imply that the SC would be able to consider the application by DASB and his PACs for the Proposed Exemption. (ii) Voting in favour of the Proposed Exemption will imply that the non-interested shareholders of ASB would waive their rights and exempt DASB and his PACs from the obligation to undertake Mandatory Offer (which shall be no lower than the highest price paid by DASB and his PACs for the ASB Shares within the past 6 months before the incurrence of such obligation to undertake the Mandatory Offer). As such, DASB and his PACs will be able to increase the shareholdings in ASB without incurring an obligation to make a mandatory take-over offer after completion of the Proposed Rights Issue. (iii) Voting in favour will imply that the Proposed Exemption would allow the increase in the collective shareholdings of DASB and his PACs in ASB to above 33% of the enlarged issued share capital of ASB, from 28.96% as at the LPD to a maximum of 72.31% of the total enlarged issued shares of ASB upon completion of the Proposed Rights Issue under the Minimum Scenario without being required to undertake the Mandatory Offer. (iv) Voting in favour of the Proposed Exemption will imply that the shareholders of ASB agree to forgo the opportunity of the Mandatory Offer from DASB and his PACs. <p>You should note that:</p> <ul style="list-style-type: none"> (a) the Indicative Issue Price is assumed to be issued at a discount of 22.75% to the TERP of ASB Shares based on five (5)-day VWAMP up to and including the LPD and that the discount may extend up to 30% as per the Board's intention and a steep discount of 88.70% to the audited consolidated NA per ASB Share as at 31 December 2021 of RM0.49 per ASB Share; and (b) the Minimum Issue Price is issued at a discount of 26.25% to the TERP of ASB Shares based on five (5)-day VWAMP up to and including the LPD and a steep discount of 89.72% to the audited consolidated NA per ASB Share as at 31 December 2021 of RM0.49 per ASB Share. <p>As such, DASB and PACs will be gaining control of ASB at a discount and without a premium being paid to the non-interested shareholders.</p> <ul style="list-style-type: none"> (v) Voting in favour of the Proposed Exemption will enable ASB to potentially benefit from the Proposed Rights Issue (if the Proposed Rights Issue is approved by the non-interested shareholders of ASB). <p>Should you decide not to subscribe for your entitlements under the Proposed Rights Issue, your percentage of shareholding in ASB will be diluted accordingly. Under Minimum Scenario, the total shareholdings of non-interested shareholders of ASB would dilute from approximately 71.05% as at the LPD to approximately 27.70% after the completion of the Proposed Rights Issue.</p> <p>Pursuant to DASB's Undertaking, the public shareholding spread of ASB will reduce from approximately 69.71% to 27.17% as at the LPD under Minimum Scenario. The reduced public shareholding spread of ASB may impede the trading liquidity of the ASB Shares i.e. there may be reduced trading activities for the ASB Shares as less ASB Shares are in the hands of public shareholders.</p>

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Factors	AIS's comments
	<p>In the event the non-interested shareholders of ASB vote against the Proposed Exemption:</p> <p>(i) The SC would not be able to consider the Proposed Exemption.</p> <p>(ii) In view of the inter-conditionality of the Proposed Rights Issue and the Proposed Exemption, voting against the Proposed Exemption will impede ASB to undertake the Proposed Rights Issue to raise funds for the investments in existing businesses and/or future business expansion/new strategic investment and working capital requirements.</p> <p>(iii) The Board will have to deliberate on other possible alternatives including additional borrowings to raise funds for its investments and working capital as well as to service any debt obligations arising from the new borrowings.</p>

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Exemption holistically, taking into consideration the various factors set out in this IAL.

In arriving at our conclusion and recommendation on the Proposed Exemption, we have also taken into consideration various factors discussed in this IAL, the advantages and disadvantages, if granted by the non-interested shareholders of ASB, and if the Proposed Exemption is approved by the SC, are summarised as follows:

Potential Advantages	Potential Disadvantages
<p>(i) The Proposed Rights Issue and Proposed Exemption are inter-conditional. Voting in favour of the Proposed Exemption facilitates the implementation of the Proposed Rights Issue to meet the minimum funding requirements, thereby enabling the Company to raise funds for the purposes as stated in Section 3.0, Part A of the Circular. As such, the Proposed Rights Issue provides the Entitled Shareholders an opportunity to further increase their equity participation in the Group's future growth and prospects on a pro-rata basis and without diluting the shareholders' percentage of shareholding in ASB.</p> <p>(ii) The financial support from DASB via the Undertaking pursuant to the Proposed Rights Issue demonstrates his interest, commitment and confidence in ASB. Moreover, such support provides certainty to ASB in raising the requisite funds under the Minimum Scenario.</p> <p>(iii) Assuming without the implementation of the Proposed Rights Issue and that the Group's investment in existing businesses and/or future business expansion/new strategic investment are financed via bank borrowings, the WACC of the Group will decrease from 7.39% to 5.94%. Nevertheless, this will be outweighed by the benefits of equity financing, whereby the Group would have to incur additional interest expense from the additional bank borrowings and result in a higher cash outflow which would potentially reduce the Group's earnings.</p>	<p>(i) There would be a dilution in the pro forma NA per Share from RM0.49 to RM0.22 (Minimum Scenario) and RM0.20 (Maximum Scenario) due to the increase in number of ASB Shares to be issued pursuant to the Proposed Rights Issue.</p> <p>(ii) The Proposed Exemption will allow an increase in the shareholding of DASB in ASB to above 33% of the enlarged issued share capital of ASB, from 8.27% as at the LPD to a maximum of 64.24% while the collective shareholdings of DASB and parties which are subject to his statutory control, i.e. SDSB and BESB will increase from 23.28% to 70.09% of the total enlarged issued shares of ASB upon completion of the Proposed Rights Issue under the Minimum Scenario without being required to undertake the Mandatory Offer. In addition, based on the Minimum Scenario and pursuant to the Undertaking, the collective shareholdings of DASB and his PACs in ASB will increase from 28.96% to 72.31%.</p> <p>Should the collective shareholding of DASB and his PACs increase to more than 50% after the Proposed Rights Issue, any further increase in the collective shareholding would not trigger an obligation to undertake a Mandatory Offer.</p>

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Potential Advantages	Potential Disadvantages
<p>It is pertinent to note that the additional bank borrowings of RM102.21 million (under Maximum Scenario) would result in an increase in gearing ratio from 0.20 times to 0.40 times in the event of Debt Scenario.</p>	<p>Accordingly, DASB and his PACs may obtain further control over ASB without a premium being paid to the non-interested shareholders of ASB in view that the Indicative Issue Price is assumed to be issued at a discount of 22.75% to the TERP of ASB Shares based on five (5)-day VWAMP up to and including the LPD and that the discount may extend up to 30% as per the Board's intention, and a steep discount of 88.70% to the audited consolidated NA per ASB Share as at 31 December 2021 of RM0.49 per ASB Share.</p> <p>Further, at the Minimum Issue Price, the Rights Shares are issued at a discount of 26.25% to the TERP of ASB Shares based on five (5)-day VWAMP up to and including the LPD, DASB and his PACs may obtain further control over ASB without a premium being paid to the non-interested shareholders of ASB, which represents steeper discount of 89.72% to the audited consolidated NA per ASB Share as at 31 December 2021 of RM0.49 per ASB Share.</p> <p>As such, DASB and PACs will be gaining control of ASB at a discount and without a premium being paid to the non-interested shareholders.</p> <p>Unless DASB and his PACs are required to abstain from voting, with a shareholding of more than 50%, DASB and his PACs will have statutory control over ASB and as such, will be able to determine the outcome of ordinary resolutions which require a simple majority of 50% plus 1 share.</p> <p>Further, unless DASB and his PACs are required to abstain from voting, DASB and his PACs are likely to significantly influence the outcome of the special resolutions which will require a special majority of at least 75% at general meetings.</p>

Premised on the factors discussed above and our evaluation of the Proposed Exemption based on the information available to us, we are of the view that the Proposed Exemption is **FAIR AND REASONABLE**.

Accordingly, we recommend that the non-interested shareholders of ASB **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Exemption to be tabled at the forthcoming EGM.

Date: 30 June 2022

To: The Non-Interested Shareholders of Advance Synergy Berhad

Dear Sir/Madam,

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

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF ASB IN
RELATION TO THE PROPOSED EXEMPTION**

This IAL is prepared for inclusion in the Circular in relation to the Proposed Exemption and should be read in conjunction with the same. All definitions used in this IAL shall have the same meaning as the words and expressions defined in the “Definitions” section in Part A of the Circular, except where the content otherwise requires or where otherwise defined herein.

All references to “we”, “us” or “our” in this IAL are references to AIS, being the Independent Adviser in relation to the Proposed Exemption.

1. INTRODUCTION

On 11 March 2022, KAF IB had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Rights Issue, Proposed Exemption and Proposed SGS, whereby the Proposed Rights Issue will be undertaken on the Minimum Scenario basis.

In conjunction with the Proposed Rights Issue, the Company had procured an irrevocable and unconditional undertaking from DASB in meeting the Minimum Scenario. The Minimum Scenario will be met via the Undertaking from DASB (the ultimate largest shareholder of ASB by virtue of his direct and deemed interest in ASB Shares) to apply and subscribe in full for his entitlement for the Rights Shares and additional Rights Shares under Excess Application.

As at the LPD, DASB directly holds 76,810,009 ASB Shares, representing approximately 8.27% of the total issued share capital of ASB. Assuming that only DASB subscribes for the Rights Shares at the Indicative Issue Price under the Proposed Rights Issue based on his Undertaking, his shareholding in ASB is expected to increase from 8.27% to 64.24% while the collective shareholdings of DASB and parties which are subject to his statutory control, i.e. SDSB and BESB will increase from 23.28% to 70.09% upon completion of the Proposed Rights Issue under the Minimum Scenario. In addition, based on the Minimum Scenario and pursuant to the Undertaking, the collective shareholdings of DASB and his PACs in ASB will increase from 28.96% to 72.31%.

Accordingly, the shareholding of DASB and his PACs, individually and collectively, will exceed 33% of the enlarged issued share capital of ASB upon completion of the Proposed Rights Issue. Pursuant thereto, DASB and his PACs will be obliged to undertake a Mandatory Offer in accordance with the Rules. As it is not the intention of DASB and the PACs to extend the Mandatory Offer in ASB as a result of the abovementioned circumstances, DASB and the PACs intend to seek for the approvals from the non-interested shareholders of ASB and the SC for the Proposed Exemption.

The Proposed Exemption will be undertaken, whereby an exemption from the SC will be sought by DASB and his PACs under subparagraph 4.08(1)(b) of the Rules from the obligation to undertake the Mandatory Offer pursuant to the subscription of the Rights Shares, including the additional Rights Shares under Excess Application pursuant to the Undertaking that may result in an increase in the shareholding of DASB and his PACs, individually and collectively, in ASB to above 33% of the enlarged issued share capital of ASB which would result in DASB obtaining control of ASB.

In this respect, the Board has on 7 March 2022 appointed AIS to act as the Independent Adviser to advise the non-interested Directors and the non-interested shareholders of ASB on the Proposed Exemption. Subsequently, on 9 March 2022, we had declared our independence from conflict of interest to the SC to act as the Independent Adviser for the Proposed Exemption.

The SC had vide its letter dated 17 June 2022, notified that it has no further comments to the contents of this IAL. However, such notification shall not be taken to suggest that the SC agrees with the recommendations contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

For avoidance of doubt, the advice and recommendation from AIS in this IAL are applicable for the Proposed Exemption only. Shareholders of ASB should note that the Proposed Rights Issue and the Proposed Exemption are inter-conditional. As such, in the event that the non-interested shareholders of ASB or the SC does not approve the Proposed Exemption, the Proposed Rights Issue will not be implemented.

The purpose of this IAL is to provide the non-interested shareholders of ASB with our independent evaluation on the fairness and reasonableness of the Proposed Exemption on a holistic basis together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified herein, in relation to the Proposed Exemption. The non-interested shareholders of ASB should nevertheless rely on their own evaluation of the merits and demerits of the Proposed Exemption prior to making decision on the course of action to be taken at the forthcoming EGM.

This IAL is prepared solely for the use of the non-interested shareholders of ASB to consider the Proposed Exemption and should not be used or relied upon by any other party for any other purposes whatsoever.

NON-INTERESTED SHAREHOLDERS ARE ADVISED TO READ THIS IAL, THE LETTER TO SHAREHOLDERS AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING ATTACHMENTS, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE PROPOSALS

The details of the Proposals are set out in the following sections in Part A of the Circular and should be read in its entirety by the non-interested shareholders of ASB:

Proposals	References in Part A of the Circular
Proposed Rights Issue	Section 2.1
Proposed Exemption	Section 2.2
Proposed SGS	Section 2.3

3. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE

We confirm that there are no existing or potential conflict of interest situations for us to carry out our role as the Independent Adviser in connection with the Proposed Exemption and there were no professional relationships between us and ASB in the past 2 years prior to the date of this IAL.

AIS is an approved corporate finance adviser by the Securities Commission Malaysia. AIS provides, among others, various corporate finance advisory services. Alliance Investment Bank Berhad's ("**AIBB**")⁽¹⁾ had acted and was appointed as an independent adviser to the entitled shareholders of MMC Corporation Berhad ("**MMC Corporation**") in relation to the proposed selective capital reduction and repayment exercise of MMC Corporation pursuant to Section 116 of the Act, where the IAL was issued and dated 8 September 2021. AIS had also acted and was appointed as an independent adviser to the non-interested shareholders of Greenyield Berhad in relation to the proposed acquisition of 65.00% equity interest in Greenyield Rubber Holdings (M) Ltd which is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements, where the IAL was issued and dated 15 June 2022.

Premised on the above, AIS has the necessary experience and expertise to carry out this engagement effectively and satisfactorily and is capable and competent in carrying out our role and responsibilities as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of ASB in relation to the Proposed Exemption.

Note:

- (1) *On 2 December 2021, AIBB had entered into a conditional business sale and purchase agreement with AIS for the transfer of AIBB's corporate finance, equity capital market and debt capital market business (excluding all non-Shariah compliant mandates) to AIS ("**Proposed Capital Markets Business Transfer**"). Pursuant thereto, the Proposed Capital Markets Business Transfer was completed on 31 March 2022.*

4. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE PROPOSED EXEMPTION

AIS was not involved in the formulation of, deliberation and negotiation of the terms and conditions pertaining to the Proposals. Our scope as the Independent Adviser for the Proposed Exemption is limited to expressing an independent opinion on the terms of the Proposed Exemption as to whether the Proposed Exemption is fair and reasonable insofar as the non-interested shareholders are concerned based on information and documents provided to us or which are made available to us and making enquiries as were reasonable in the circumstances. In performing our evaluation, we have relied on the following sources of information:

- (i) information contained in Part A of the Circular as well as the accompanying appendices;
- (ii) discussions with the Board and management of ASB Group;
- (iii) other relevant information, documents, confirmations and representations furnished to us by the Board and management of ASB Group; and
- (iv) other relevant publicly available information.

We have relied on the Company, the Board and the management of ASB Group to take due care to ensure that all information, documents, confirmations and representations provided by them to facilitate our evaluation on the Proposed Exemption which had been used, referred to and/or relied upon in this IAL are accurate, valid and complete in all material aspects. Nonetheless, we have made enquiries as were reasonable in the circumstances and we are satisfied that the information provided to us or which are made available to us is sufficient and we have no reason to believe that the aforementioned information is unreliable, inaccurate, incomplete and/or misleading as at the LPD.

Our advice should be considered in the context of the entirety of this IAL. Our evaluations and opinion expressed in this IAL are, amongst others, based on prevailing economic, capital market, industry, regulatory, socio-political and other conditions (if applicable) and the information/documents made available to us, as at the LPD. Such conditions may change significantly over a period of time. Accordingly, it should be noted that our evaluation and opinions expressed in this IAL do not take into account the information, events or conditions arising after the LPD or such other period as specified herein, as the case may be.

We shall immediately disclose to the SC in writing and notify the non-interested shareholders by way of press notice and announcement on Bursa Securities before 9 a.m. on the next Market Day if, after despatching this IAL, as guided by Paragraph 11.07(1) of the Rules, we become aware that this IAL:

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development.

If circumstances require, we shall send a supplementary IAL to the non-interested shareholders of ASB in accordance with Paragraph 11.07(2) of the Rules.

In rendering our advice, AIS had taken note of pertinent factors, which we believe are necessary and of importance to an assessment of the implications of the Proposed Exemption and therefore of general concern to the non-interested shareholders of ASB. As such:

- (i) AIS's views and advice as contained in this IAL only cater to the non-interested shareholders of ASB at large and not to any non-interested shareholder of ASB individually. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual non-interested shareholder of ASB or any specific group of non-interested shareholders of ASB; and
- (ii) We recommend that any individual non-interested shareholder or group of non-interested shareholders of ASB who is in doubt as to the action to be taken or require advice in relation to the Proposals in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, shall consult their respective stockbrokers, bank managers, accountants, solicitors or other professional advisers immediately.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

The interests of the Directors, major shareholders, chief executive and/or persons connected with them (together with their course of actions in relation to the Proposals) are disclosed in Section 9.0, Part A of the Circular.

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6. EVALUATION OF THE PROPOSED EXEMPTION

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Exemption on a holistic approach in accordance with Schedule 2: Part III of the Rules. We have taken into consideration the following factors in forming our opinion:

Factors	Details in this IAL
(i) Rationale for the Proposals	Section 6.1
(ii) Issue price of the Rights Shares	Section 6.2
(iii) Effects of the Proposals	Section 6.3
(iv) Industry outlook and future prospects of the Group	Section 6.4
(v) Implications of the Proposed Exemption	Section 6.5

6.1 Rationale for the Proposals

6.1.1 Proposed Rights Issue

Based on Section 4.1, Part A of the Circular, the Board is of the opinion that the Proposed Rights Issue is the most appropriate avenue of fund raising for ASB in view of the reasons stated in Section 3.0, Part A of the Circular.

AIS's Comments

(i) Funding for the investments

Based on the Indicative Issue Price, the proceeds to be raised from the Proposed Rights Issue are intended to be utilised by the Group in the following manner:

Utilisation of proceeds	Expected timeframe for utilisation from the completion of the Proposed Rights Issue	Minimum Scenario RM'000	Maximum Scenario RM'000
Investment in existing businesses and/or future business expansion/new strategic investment			
(a) Development of New Payment Application Services	Within 36 months	35,200	35,200
(b) Establishment of Sea Camp Resort in Holiday Villa Beach Resort & Spa Cherating and/or refurbishment and renovation of hospitality properties (" Hospitality ")		3,000	3,000
(c) Development cost for Phase 2, Federal Park project and/or Sejajak project located in Kuching, Sarawak (" Development Projects ")		11,500	11,500
(d) Projected increase in the bus body orders from the Australian market (" Bus Body Orders ")		3,500	3,500
(e) Potential suitable/viable acquisitions, collaborative arrangements, and/or investment in businesses and/or assets that are similar or complementary to the Group's existing businesses		-	22,211
Working capital	Within 36 months	25,600	25,600
Estimated expenses	Immediate	1,200	1,200
Total		80,000	102,211

The contribution of the business segments to ASB Group's revenue and PBT for the FYEs 2019, 2020 and 2021 are as follows:

Business segments	Audited											
	FYE 2019				(Restated) FYE 2020				FYE 2021			
	Revenue		PBT		Revenue		PBT		Revenue		PBT	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Investment holding	18,860	6.85	87,991	92.03	14,019	11.96	(443)	1.97	16,559	14.24	4,918	236.78
Property development and investment	699	0.25	(913)	(0.95)	6,898	5.88	(2,251)	9.99	6,760	5.81	(2,988)	(143.86)
Hospitality	55,798	20.25	5,763	6.03	19,968	17.03	(6,446)	28.60	14,806	12.73	(8,784)	(422.92)
ICT	72,362	26.26	10,803	11.30	65,126	55.55	15,088	(66.95)	73,630	63.32	31,903	1,536.01
Travel and Tours	135,434	49.16	3,570	3.73	20,263	17.28	(1,543)	6.85	15,468	13.30	(947)	(45.59)
Financial services	8,866	3.22	(4,977)	(5.21)	4,090	3.49	(5,661)	25.12	1,964	1.69	(5,577)	(268.52)
Others ⁽¹⁾	1,455	0.53	(5,886)	(6.16)	634	0.54	(7,632)	33.87	5,054	4.35	(6,588)	(317.19)
Elimination	(17,957)	(6.52)	(737)	(0.77)	(13,758)	(11.73)	(13,648)	60.55	(17,956)	(15.44)	(9,860)	(474.71)
Total	275,517	100.00	95,614	100.00	117,240	100.00	(22,536)	100.00	116,285	100.00	2,077	100.00

Note:

(1) Others comprises bus-body fabrication and education units.

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Our comments on the further breakdown of the utilisation of proceeds are as follows:

Utilisation of Proceeds	AIS's Comments																				
Development of New Payment Application Services (Financial Services Division)	<ul style="list-style-type: none"> • As at the LPD, the financial services division comprises Paydee, principally engages in the merchant acquiring business and payment services business and Qurex Sdn Bhd (“Qurex”), a money services business. • The revenue of financial services division for the for the past three (3) FYEs 2019 to 2021 and FPE 2022 are as follows: <table border="1" data-bbox="571 510 1385 696"> <thead> <tr> <th></th> <th colspan="3" style="text-align: center;">←-----Audited-----></th> <th style="text-align: center;">Unaudited</th> </tr> <tr> <th></th> <th style="text-align: center;">FYE 2019 RM' mil</th> <th style="text-align: center;">FYE 2020 RM' mil</th> <th style="text-align: center;">FYE 2021 RM' mil</th> <th style="text-align: center;">FPE 2022 RM' mil</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td style="text-align: center;">8.87</td> <td style="text-align: center;">4.09</td> <td style="text-align: center;">1.96</td> <td style="text-align: center;">0.73</td> </tr> <tr> <td>LAT</td> <td style="text-align: center;">(4.98)</td> <td style="text-align: center;">(5.66)</td> <td style="text-align: center;">(5.58)</td> <td style="text-align: center;">(1.28)</td> </tr> </tbody> </table> • The lower revenue of RM1.96 million for the FYE 2021 as compared to RM4.09 million for the FYE 2020 was due to a decline in merchant sales transactions and reduction in the number of active merchants as a result of lower commercial activities and adverse trading conditions resulting from the COVID-19 pandemic. As compared to FPE 2021, the Financial Services Division's revenue for the FPE 2022 increased by RM0.21 million or 40.38% (FPE 2021: RM0.52 million) due to the increase in merchant sales transactions from easing of movement control restriction in FPE 2022. • Despite lower contribution of approximately 2% from Financial Services Division to the overall Group's revenue for the FYE 2021, we note that the Group presently has pivoted its focus on this division to expand its existing merchant acquiring services business. In this respect, the Group intends to capitalise on the card issuance and merchant acquiring service license issued by BNM to develop the New Payment Application Services. • The card issuance and merchant acquiring licences are not subject to renewal by BNM, nonetheless all the said licensed acquirers and issuers are required to observe strictly the Financial Services Act 2013. • This New Payment Application Services are intended to provide the SMEs a seamless end-to-end digital payment solution, starting from the front-end payment gateways (such as direct debits, quick response (QR) pay, e-wallets) to payment settlement to its vendors. • Through Paydee, the Group intends to tap into the SME market for B2B payments as the Group views that the payment solutions provider could better address the enormous opportunity for innovation in the SME market for B2B payments. • Based on the Section 3.0, Part A of the Circular, we note that the cost/expenses in relation to the development of New Payment Application Services by Paydee comprise capital expenditure and operating expenditure to facilitate the launching and operation of the New Payment Application Services. • It is pertinent to note that Paydee is an issuer and acquirer approved by BNM, and a principal licensee of MasterCard Worldwide and Visa International to provide payment services and solutions. 		←-----Audited----->			Unaudited		FYE 2019 RM' mil	FYE 2020 RM' mil	FYE 2021 RM' mil	FPE 2022 RM' mil	Revenue	8.87	4.09	1.96	0.73	LAT	(4.98)	(5.66)	(5.58)	(1.28)
	←-----Audited----->			Unaudited																	
	FYE 2019 RM' mil	FYE 2020 RM' mil	FYE 2021 RM' mil	FPE 2022 RM' mil																	
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LAT	(4.98)	(5.66)	(5.58)	(1.28)																	

Utilisation of Proceeds	AIS's Comments
	<p>In this respect, substantial additional working capital would be required to support the anticipated growth in transaction volumes and gross payment value to be processed by the financial services business. Among others, this includes deposit sum required by international payment system providers, i.e. MasterCard Worldwide and Visa International as well domestic payment systems in Malaysia such as Paynet who facilitate the electronic fund transfers through their respective payment networks and platforms.</p> <ul style="list-style-type: none"> • In addition, a significant expansion in human resources is required to develop and operate the New Payment Application Services so to capitalise on the significant growth and innovation opportunities. • Based on the information provided by the management, the Group will be able to capitalise on the expected growth in digital payment volumes in Malaysia, especially in the market of B2B payments. This is in view that the digitisation of consumer payments has progressed rapidly in the age of e-commerce and was further accelerated by both the emergence of e-wallets and the conditions brought by the COVID-19 pandemic. • The New Payment Application Services will allow the local enterprises to make fast, transparent and efficient payments as compared to the existing traditional payment methods such as cash and cheque. Currently, Paydee is in the midst of developing the New Payment Application Services to cater for seamless end-to-end digital payment solution. • Further, the general adoption of B2B digital payments is still rather low, and the industry needs to be more proactive in promoting its growth and greater use. (Source: “Digital Payments: B2B segment slow to adopt cashless methods” dated 22 November 2021, The Edge Malaysia) • Based on the above, we are of the view that the relatively low level of digitisation of payment methods and practices among SMEs, together with the Malaysian Government’s initiative to encourage the adoption of digital and contactless payments under the Short-term National Economic Recovery Plan would provide opportunities for the Group’s Financial Services Division to capture the market share.
Hospitality (Property Development and Investment Division)	<ul style="list-style-type: none"> • Based on the Section 3.0, Part A of the Circular, we note that the proceeds are earmarked for the establishment of Sea Camp Resort in Holiday Villa Beach Resort & Spa Cherating, Pahang, and/or refurbishment and renovation of hospitality properties. The Group plans to establish Sea Camp Resort on a 2.5 acres of vacant land in front of the seafront resort. • We also note that the Group had taken steps to mitigate the impact of COVID-19 on the hospitality business by introducing new facilities and upgrading works for its hotels and refurbishment of guestrooms, namely Holiday Villa Beach Resort & Spa Langkawi and Holiday Villa Beach Resort & Spa Cherating since year 2020. For Holiday Villa Beach Resort & Spa Langkawi, the upgrading works includes a refurbishment of guest rooms and toilets and for Holiday Villa Beach Resort & Spa Cherating, the renovation undertaken includes a new thematic pool specially designed for corporate team-building activities, a children fun pool for family as well as facilities for harvesting of rainwater. • The Group intends to commence the construction activities for the establishment of Sea Camp Resort by mid-2023 and target to complete and commence the operations by the third quarter of 2024.

Utilisation of Proceeds	AIS's Comments
	<ul style="list-style-type: none"> • Further, the Group is expected to capitalise on the aparthotel in London once the hotel industry recovers, following its target completion of existing renovation works on the Group's aparthotel in Philbeach Gardens, Earls Court, London in fourth quarter of 2022. • Based on the above, we are of the view that the Group would benefit from the establishment of the Sea Camp Resort and the introduction of new facilities and upgrading works for its existing hotels following the easing of restrictions of the standard operating procedures by Malaysian Government.
Development Projects (Property Development and Investment Division)	<ul style="list-style-type: none"> • Based on the Section 3.0, Part A of the Circular, we note that the proceeds are earmarked for the development cost for Phase 2, Federal Park project and Sejijak project located in Kuching, Sarawak, which may include building and infrastructure costs, professional fees, operating expenditures, sales and marketing expenses, and other miscellaneous items such as utilities and overheads. • We note that the property development division has obtained development approvals for Phase 2 of the Federal Park project and Sejijak project. Nonetheless, the development works for the abovementioned projects have yet to commence as the Group is in the midst of obtaining the approvals for engineering plan and building plan from the Land and Survey Department Sarawak, Kuching Division and Padawan Municipal Council. • The development of Phase 2 of the Federal Park project comprising 88 units of double storey terrace houses and 28 units of single storey terrace houses is expected to commence in third quarter of 2022, while the development of Sejijak project comprising 88 units of double storey terrace houses, 80 units of townhouses and 40 units of single storey terrace houses is expected to commence in fourth quarter of 2022. • We are of the view that the earnings of its property development division will be enhanced after the launching of the Phase 2, Federal Park project and Sejijak project, with gross development values in excess of RM110 million for the two projects. This is on the back of the successful completion of Phase 1, Federal Park project and the strategy of the Group to remain focused on its target market segment of medium to medium-low priced properties with the right pricing and affordability for its development properties. For information purposes, save for 16 units of 3-storey shop lots, all 148 units of residential houses in Phase 1, Federal Park project were sold within 2 years from the launching date.
Bus Body Orders (Bus-body Fabrication Division)	<ul style="list-style-type: none"> • Based on the Section 3.0, Part A of the Circular, we note that the proceeds are earmarked for the operating expenses for the projected increase in the bus body orders from the Australian market which may include purchase of raw materials, direct labour and other miscellaneous items such as utilities and overheads. • We note that the bus body fabrication division of the Group had completed and exported 6 units, 3 units and 1 unit to Australia for the FYE 2018, FYE 2019 and FYE 2020, respectively. Following streamlining of operations during the FYE 2020, the operations for the export of buses were lower mainly due to the testing and certification of bus body by the Australian authority have yet to be completed although the division had the sales orders.

Utilisation of Proceeds	AIS's Comments
	<ul style="list-style-type: none"> Based on our discussion with the management, we note that the revenue from this Bus Body Fabrication segment is expected to improve in the near future following the completion of the testing and certification for the Group's fabricated bus body by the Australian authority in third quarter of 2021. For the year 2021, the division had completed and exported 23 units of buses to Australia. For the year 2022 and up to the LPD, the division had completed and exported 15 units of buses to Australia. The bus-body fabrication division targets to increase its production from 4 buses per month to 20 buses per month for the next 2 years. The additional production would allow the Group to cater for the increasing orders received from the Australian market. As at the LPD, the Group's order book is 42 buses. Based on the above, we are of the view that the increased production following the completion of the testing and certification for the Group's fabricated bus body by the Australian authority bodes well with the increasing orders received from the Australian market for the bus body.

In addition to the above, we also note that the Group has allocated RM22.21 million to expand its existing businesses which may involve acquisitions, collaborative arrangements, and/or investment in business and/or assets that are similar or complementary to the Group's businesses in financial services, travel and tours, property development and investment, education and/or bus-body fabrication under Maximum Scenario.

Premised on the above funding requirements, our comments on the rationales of the Proposed Rights Issue are as follow:

Consideration	AIS's Comments																				
Financial Performance and Cash Flow	<p>A summary of the financial information of ASB Group for the audited financial results of the past 3 financial years up to the FYE 2021 are as follows:</p> <table border="1" data-bbox="494 1249 1380 1467"> <thead> <tr> <th></th> <th colspan="3" style="text-align: center;"><-----Audited-----></th> </tr> <tr> <th></th> <th colspan="3" style="text-align: center;">(Restated)</th> </tr> <tr> <th></th> <th style="text-align: center;">FYE 2019 RM'000</th> <th style="text-align: center;">FYE 2020 RM'000</th> <th style="text-align: center;">FYE 2021 RM'000</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td style="text-align: right;">275,517</td> <td style="text-align: right;">117,240</td> <td style="text-align: right;">116,285</td> </tr> <tr> <td>PAT / (LAT)</td> <td style="text-align: right;">81,329</td> <td style="text-align: right;">(26,894)</td> <td style="text-align: right;">(1,409)</td> </tr> </tbody> </table> <p>Based on the table above, we note that the revenue of Group has been trending downward since FYE 2019. The Group's financial performance for the FYE 2020 was significantly affected by the COVID-19 pandemic where the Group registered decline of 57.45% in revenue as compared to FYE 2019, of which the substantial decline was mainly due to much lower revenue generated by the travel and tours and hospitality segments. For information purpose, travel and tours, and hospitality segments were the revenue contributors of 49.06% and 20.25% for the FYE 2019 before the impact of COVID-19 pandemic. Nonetheless, the PAT for the FYE 2019 is partly due to the other income, i.e. one-off gain of RM90.28 million from the disposal of Wisma Synergy, a property located at No 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor.</p> <p>For the FYE 2021, the impact of the COVID-19 continued to drag down the revenue of the Group resulting in the Group recording lower revenue of RM116.29 million as compared to RM117.24 million for the FYE 2020.</p>		<-----Audited----->				(Restated)				FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	Revenue	275,517	117,240	116,285	PAT / (LAT)	81,329	(26,894)	(1,409)
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Consideration	AIS's Comments																																								
	<p>Save for ICT, Investment Holding and Others divisions, all divisions reported lower revenue in FYE 2021. The reduced LAT for the FYE 2021 as compared to FYE 2020 was mainly attributable to other income, among others, fair value gain from venture investment portfolio of RM6.70 million, fair value gain of RM15.76 million from the re-measurement of the Group's associate for which the Group had interest in and the proceeds from disposal of hotel management services contracts of RM7.00 million.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th colspan="3" style="text-align: center;"><-----Audited-----></th> </tr> <tr> <th></th> <th colspan="3" style="text-align: center;">(Restated)</th> </tr> <tr> <th></th> <th style="text-align: center;">FYE 2019 RM'000</th> <th style="text-align: center;">FYE 2020 RM'000</th> <th style="text-align: center;">FYE 2021 RM'000</th> </tr> </thead> <tbody> <tr> <td>Net cash from operating activities</td> <td style="text-align: right;">15,066</td> <td style="text-align: right;">1,429</td> <td style="text-align: right;">(16,953)</td> </tr> <tr> <td>Net cash for investing activities</td> <td style="text-align: right;">76,387</td> <td style="text-align: right;">(882)</td> <td style="text-align: right;">(2,852)</td> </tr> <tr> <td>Net cash for financing activities</td> <td style="text-align: right;">(94,744)</td> <td style="text-align: right;">(3,437)</td> <td style="text-align: right;">32,075</td> </tr> <tr> <td>Effects of exchange rate changes</td> <td style="text-align: right;">(760)</td> <td style="text-align: right;">(1,318)</td> <td style="text-align: right;">(3,242)</td> </tr> <tr> <td>Net increase/(decrease) in cash and cash equivalents</td> <td style="text-align: right;">(4,051)</td> <td style="text-align: right;">(4,208)</td> <td style="text-align: right;">9,028</td> </tr> <tr> <td>Cash and cash equivalents at beginning of the financial years</td> <td style="text-align: right;">94,670</td> <td style="text-align: right;">91,167</td> <td style="text-align: right;">87,444</td> </tr> <tr> <td>Cash and cash equivalents at end of the financial years</td> <td style="text-align: right;">90,619</td> <td style="text-align: right;">86,959</td> <td style="text-align: right;">96,472</td> </tr> </tbody> </table> <p>Further, we note that the Company had generated negative operating cash flow for the FYE 2021 as a result of lower revenue for the financial year due to the impact of COVID-19. The negative operating cash flow is also partly due to the increase in trade receivables of RM14.94 million recorded for the FYE 2021. Save for ICT, Investment Holding and Others divisions, other divisions of the Group had reported lower revenue during the FYE 2021 as compared to FYE 2020.</p> <p>Nonetheless, we note that the Company has taken the necessary measures to address its loss-making position, as follows:</p> <ul style="list-style-type: none"> (i) expand its financial services business through the development of New Payment Application Services by tapping into the B2B digital payments of SME markets in Malaysia; (ii) develop its financial services business to be one of the leading provider of digital payment and cash flow management application services for SMEs in Malaysia; (iii) carry out renovation works for its hotels in Malaysia to capitalise on the reopening of the country's borders to international visitors from 1 April 2022; (iv) continue growing its property development and investment portfolio by making use of the strategic locations of its investment properties and leveraging on its Development Projects; and (v) comply with the testing and certification required for its Bus Body Orders to facilitate with the expected demand from the Australian market. <p>We further note that the investments in existing businesses and/or future business aforementioned are requisite and timely to minimise the impact of COVID-19 on the Group's business following the gradual local and global economic recovery. Based on Minimum Scenario, we note that 44.00% of the proceeds earmarked are for the New Payment Application Services. We note that the Group will diversify its earnings base by leveraging on its expertise on Fintech, which could expand the revenue stream from its existing Financial Services Division.</p>		<-----Audited----->				(Restated)				FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	Net cash from operating activities	15,066	1,429	(16,953)	Net cash for investing activities	76,387	(882)	(2,852)	Net cash for financing activities	(94,744)	(3,437)	32,075	Effects of exchange rate changes	(760)	(1,318)	(3,242)	Net increase/(decrease) in cash and cash equivalents	(4,051)	(4,208)	9,028	Cash and cash equivalents at beginning of the financial years	94,670	91,167	87,444	Cash and cash equivalents at end of the financial years	90,619	86,959	96,472
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Cash and cash equivalents at end of the financial years	90,619	86,959	96,472																																						

Consideration	AIS's Comments
	<p>We further note that the payment solution provider, Paydee, had launched an improved e-commerce payment acceptance service in year 2021 after completing integration with strategic partners to support e-wallet and Financial Process Exchange (“FPX”) modes of payment as part of the Group strategy in strengthening its financial services business. The development will be focusing on providing seamless end-to-end digital payment solution.</p> <p>The Board is of the view that the Proposed Rights Issue would be the most appropriate avenue to raise funds considering the current financial situation of the Group, which has been loss-making and operating in a negative operating cash flow based on its latest audited FYE 2021. As such, to fund the investment in existing businesses and/or future business as to turnaround its business performance, any additional bank borrowings would expose the Group to risk of debt servicing obligations (i.e. additional interest expense), which in turn may affect its cash flow obligation as well as the Group’s earnings.</p> <p>Premised on the above, the Proposed Rights Issue would enable the Group to raise funds without incurring additional risk of debt servicing obligations (i.e. cash flow availability to cover interest and principal on debt obligations), to fund the aforementioned investments and working capital of the Group.</p> <p>Further, the Proposed Rights Issue would enable the Group to preserve its cash flows for other potential suitable/viable acquisitions, collaborative arrangements, and/or business/ investment opportunities in similar or other complementary businesses and/or assets for the future expansion of the Group’s existing businesses which could enhance the future growth prospects of the Group under the Maximum Scenario.</p>

(ii) Gearing Level and Interest Savings

Based on the latest audited consolidated financial statements of ASB as at 31 December 2021, the total borrowings of the Group is approximately RM105.35 million which mainly comprised approximately RM66.51 million of term loans and RM38.60 million of revolving credit.

Based on the latest unaudited consolidated financial statements of ASB as at 31 March 2022, the total borrowings of the Group is approximately RM108.82 million which mainly comprised approximately RM70.22 million of term loans and RM38.60 million of revolving credit.

The table below sets out the total borrowings of the Group, total equity and gearing ratio for the past three (3) FYEs 2019 to 2021 and FPE 2022:

	<-----Audited----->			Unaudited
	As at 31 December 2019 RM'000	(Restated) As at 31 December 2020 RM'000	As at 31 December 2021 RM'000	As at 31 March 2022 RM'000
Borrowings	48,777	57,548	105,350	108,817
Total equity	550,768	522,984	537,186	531,707
Gearing	0.09	0.11	0.20	0.20

For the FYE 2021, the significant increase in borrowings to RM105.35 million is due to drawdown of a term loan for the renovation and construction of aparthotel in UK and the use of working capital.

The Board is of the view that the Proposed Rights Issue is the most appropriate avenue of fund raising as it enables the Group to raise the intended funds without incurring interest costs, which will in turn enable the Group to manage its cash flows more efficiently.

After taking into considerations the possible resultant changes to the capital structure, we have compared the pro forma effect of the Group's WACC based on the following scenarios:

- (i) the Group's existing capital structure as at 31 March 2022 ("**Existing Scenario**");
- (ii) with the implementation of the Proposed Rights Issue ("**Equity Scenario**"); and
- (iii) without the implementation of the Proposed Rights Issue and assuming that the funding for the investments and working capital of the Group (under Maximum Scenario) are financed via bank borrowings as stated in Section 4.1, Part A of the Circular ("**Debt Scenario**").

WACC is the minimum required rate of return that all capital providers (shareholders and lenders) should demand for from a cash flow stream generated by the business, given the riskiness of the cash flows. WACC is computed by summing up the cost of each capital component (equity or debt) multiplied by its proportional weight.

The WACC of the Group is derived as follows:

$$WACC = \frac{E}{D + E} (k_e) + \frac{D}{D + E} (k_d)(1 - t)$$

Where:

E	: Market value of ASB's equity are as follows: <u>Existing Scenario</u> Based on the five (5)-day VWAMP of ASB Shares up to and including the LPD of RM0.1035 and the issued share capital of ASB as at the LPD of 929,194,943 ASB Shares <u>Equity Scenario</u> Based on the TERP of RM0.0712 computed derived from the five (5)-day VWAMP of ASB Shares up to and including the LPD of RM0.1035 and the enlarged share capital of ASB of 2,787,584,829 ASB Shares based on the Maximum Scenario <u>Debt Scenario</u> Based on the five (5)-day VWAMP of ASB Shares up to and including the LPD of RM0.1035 and the issued share capital of ASB as at the LPD of 929,194,943 ASB Shares
D	: Market value of ASB's debt based on the latest unaudited consolidated financial statements of ASB as at 31 March 2022 amounting to RM108.82 million
k_e	: 12.31% (being the cost of equity of ASB calculated using the Capital Asset Pricing Model (" CAPM ") with data extracted from Bloomberg as at the LPD) The k_e represents the required rate of return by an equity investor on the cash flow streams generated by ASB, given the risk associated with the cash flow.

The k_e was derived based on CAPM, using the following formula:

$$k_e = R_f + \beta (R_m - R_f)$$

The k_e of 12.31% was adopted after taking into consideration the following variables:

(a) Risk free rate (“ R_f ”)

R_f represents the expected rate of return from a risk-free investment. As extracted from Bloomberg, we have adopted the yield of 10-year Malaysian Government Securities of 4.21% as at the LPD as the best available approximation of the R_f .

(b) Beta (“ β ”)

β is the sensitivity of an asset’s return to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A Beta of more than 1 signifies that the asset is riskier than the market and a Beta of lower than 1 signifies that the asset is less risky as compared to the market.

In deriving the Beta for ASB Group, we have extracted 3-year weekly raw historical Beta of selected comparable companies listed on Bursa Securities up to the LPD. As the raw historical Beta was extracted based on the capital structure of the comparable companies from Bloomberg, we have unlevered the raw Beta of the comparable companies and derived a weighted average Beta based on the revenue contribution of each business segment to ASB Group’s revenue. The weighted average beta was computed on a weightage of 65%, 30% and 5% from ICT, travel, leisure and hospitality, as well as property development segments, respectively, based on the Group’s approximate revenue segmentation for FYE 2021. We have not taken into consideration other segments of the Group, i.e. bus body fabrication, education and financial services segments as the revenue contribution from these segments in the past 3 years are minimal and insignificant.

The ASB Group’s Beta of 1.27 is derived after the weighted average beta of the comparable companies is re-levered based on the capital structure of ASB Group based on the unaudited financial statements for the FPE 31 March 2022. The comparable companies with the market capitalisation of not more than RM120.00 million are selected after taking into consideration the market capitalisation of ASB, which ranges from RM83.63 million to RM111.51 million in the past 6 months up to the LPD. The selected comparable companies and their principal activities are as follows:

Comparable companies	Principal activities
<u>Provision of software development and digital business solutions</u> ⁽¹⁾	
Theta Edge Berhad	Dealers, software writers, compilers and testers, system developers, trainers and consultants in computers and all services related to information technology industry and supply of telecommunication equipment and services and provision of customised total systems integration services and solutions.
Mesiniaga Berhad	Provision of design, development and implementation of business solutions related to business intelligence, business analytics, customised applications and software products, as well as provision of strategic information technology outsourcing services.

	NetX Holdings Bhd	Provision of turnkey solutions on the network infrastructure, security management and rental of electronic funds transfer at point of sale terminals.
	Comparable companies	Principal activities
	<u>Travel, Leisure and Hospitality</u> ⁽²⁾	
	Grand Central Enterprises Bhd	Hotel business and provision of limousine services and online reservation services.
	Pan Malaysia Holdings Bhd	Hotel business.
	Parlo Bhd	Provision of travel services and ticketing agents for airline companies and general advertising such as network marketing, or multilevel marketing and direct selling.
	<u>Property Development</u> ⁽³⁾	
	Global Oriental Bhd	Property development.
	Farlim Group Bhd	Property development and trading in building materials.
	Trive Property Bhd	Property development.
	<i>(Source: Annual reports of respective comparable companies and Bloomberg)</i>	
	Notes:	
	(1) <i>The comparable companies are involved in similar activities as the provision of software development and digital business solutions with more than 80% of their latest audited consolidated revenue being generated from the said business.</i>	
	(2) <i>The comparable companies are involved in similar activities as the travel, leisure and hospitality with more than 80% of their latest audited consolidated revenue being generated from the said business.</i>	
	(3) <i>The comparable companies are involved in similar activities as the property development with more than 90% of their latest audited consolidated revenue being generated from the business.</i>	
	<p>Although the comparable companies are involved in similar activities as ASB Group's respective business segments, they may not be directly comparable due to, among others, composition and geographical coverage of business activities, scale of operations, profit track record, financial strength, liquidity of shares, operating and financial leverage, asset base, accounting and taxation policies, risk profile, future prospects, management and capital structure. Nonetheless we view that the identified comparable companies are reasonable to be adopted for the purpose of deriving the estimated Beta of the ASB Group.</p>	
	(c) <u>Expected market return ("R_m")</u>	
	R _m is the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market.	
	In our opinion, the expected market rate of return for FTSE Bursa Malaysia Top 100 Index is a good indicator of the equity market return in Malaysia as it is a forward-looking estimate of market return. Based on the information extracted from Bloomberg, the expected market rate of return for FTSE Bursa Malaysia Top 100 Index for the past 10 years up to the LPD is 10.60%.	
k_d	:	3.04% (being the average cost of debt of ASB)
t	:	24% (being the corporate tax rate)

Under the Maximum Scenario, assuming that the Group's existing k_e and k_d remains unchanged, the Group's pro forma WACC would be as follows:

	WACC (%)	Gearing ratio* (times)
Existing Scenario	7.39	0.20
Equity Scenario	9.02	0.17
Debt Scenario	5.94	0.40

Note:

* Based on the latest unaudited consolidated financial statements of ASB as at 31 March 2022.

As illustrated in the table above, under Debt Scenario, the Group's WACC will decrease from 7.39% to 5.94%. The decrease in WACC is due mainly to the lower k_d as compared to the k_e as well as the tax shield on interest expense incurred for the bank borrowings.

Nevertheless, to fund the investments and working capital under Maximum Scenario, it is pertinent to note that the additional bank borrowings of RM102.21 million under the Debt Scenario would result in an increase in gearing ratio from 0.20 times to 0.40 times. The Group would have to incur additional interest expense from the additional bank borrowings and result in a higher cash outflow which would potentially reduce the Group's earnings in the absence of the Proposed Rights Issue.

Under the Equity Scenario, the Group's WACC will increase from 7.39% to 9.02%. The increase in WACC is mainly due to higher k_e as a result of the Proposed Rights Issue. Following the issuance of the Rights Shares pursuant to the Proposed Rights Issue under Equity Scenario, the gearing of the Company will decrease from 0.20 to 0.17 due to the increase in shareholders' equity.

(iii) Providing opportunity to all Entitled Shareholders to increase their equity participation in the Company on a pro-rata basis without diluting the Entitled Shareholders' percentage shareholding

Based on Section 2.1.2, Part A of the Circular, the Board intends to fix the Issue Price at a discount of between 10% and 30% to the TERP based on the five (5)-day VWAMP of ASB Shares up to and including the date prior to the price-fixing date, subject to the Minimum Issue Price. The range of discount to the Issue Price is reasonable as it represents an attractive discount for the Entitled Shareholders to increase their equity participation in the Group and ultimately, participating in the prospects and future growth of the Group, after taking into consideration the funding requirements of the Company as set out in Section 3.0, Part A of the Circular.

Provided that all Entitled Shareholders subscribe in full for their respective entitlements, the Proposed Rights Issue also represents an opportunity to all Entitled Shareholders to subscribe the Rights Shares on a pro-rata basis at the pre-determined ratio and pre-determined Issue Price without diluting their percentage of shareholdings in ASB. It is pertinent to note that only unsubscribed Rights Shares which are not validly taken up shall be made available under Excess Application. We note that it is the intention of the Board to allocate the excess Rights Shares on a fair and equitable manner and on a basis to be determined by the Board later.

In order to raise a minimum of RM80.00 million from the Proposed Rights Issue and given that the Proposed Rights Issue is not underwritten, the Minimum Scenario will be met via the Undertaking from the Undertaking Shareholder, namely DASB to apply and subscribe in full for his entitlements of Rights Shares and apply for the additional Rights Shares under Excess Application pursuant to its Undertaking.

As set out in Section 2.1.5, Part A of the Circular, the Undertaking provided by the Undertaking Shareholder is mainly to assist the Company to raise and meet the Minimum Scenario of 1,454,545,455 Rights Shares to arrive at RM80.00 million from the Proposed Rights Issue. Should the Issue Price be higher or lower than the Indicative Issue Price, the total number of Rights Shares under the Minimum Subscription Level and excess Rights Shares to be subscribed by the Undertaking Shareholder will be adjusted accordingly to arrive at RM80.0 million. For avoidance of doubt, the subscription by DASB via the Excess Application will be on terms which are identical to those offered to all other Entitled Shareholders.

The Entitled Shareholders are encouraged to consider the financial position of the Group, as well as the industry overview and prospects of the ASB Group as detailed in Section 5.0, Part A of the Circular when deciding whether to further increase their equity participation in the Group via the Proposed Rights Issue.

Premised on the above, we are of the view that the rationale for the Proposed Rights Issue is justifiable.

6.1.2 Proposed Exemption

The rationale for the Proposed Exemption is set out in Section 4.2, Part A of the Circular.

AIS's Comments

Based on Section 4.2, Part A of the Circular, the Proposed Exemption will relieve DASB and his PACs from the obligation to undertake the Mandatory Offer upon completion of the Proposed Rights Issue as it is not the intention of DASB and his PACs to undertake the Mandatory Offer. Further, we also note that:

- (i) the entitlements to the Rights Shares are renounceable and will be provisionally allotted on a proportionate basis in accordance to the shareholding of the Entitled Shareholders and are fair to all shareholders. Should the Entitled Shareholders decide not to participate in the Proposed Rights Issue, the Entitled Shareholders have the option to sell the rights entitlements in the open market when quoted on Bursa Securities. In this respect, the Undertaking Shareholder would not gain any advantage over the non-interested shareholders who are accorded the rights to subscribe for the Rights Shares at the same Issue Price and in proportion with their shareholding in ASB on the Entitlement Date. However, the Entitled Shareholders should note that such rights' entitlements may not be traded at its theoretical value or intrinsic value;
- (ii) the Proposed Exemption is not intended to dilute the shareholding of the other Entitled Shareholders as the collective shareholding percentage of DASB and his PACs in ASB will only increase if the remaining Rights Shares are not subscribed for by the other Entitled Shareholders and/or their renounee(s)/transferee(s). Should all the remaining Rights Shares be subscribed for by the other Entitled Shareholders and/or their renounee(s)/transferee(s), the collective shareholding percentage of DASB and his PACs in ASB will remain unchanged;

- (iii) should all the Entitled Shareholders and/or their renounee(s)/transferee(s) subscribe for their entitlements in full under the Proposed Rights Issue, there will not be any excess Rights Shares to be subscribed by DASB pursuant to his Undertaking; and
- (iv) given that the Proposed Rights Issue and Proposed Exemption are inter-conditional upon each other, the approval for the Proposed Exemption is necessary to facilitate and ensure the successful implementation of the Proposed Rights Issue. Without the Proposed Exemption, ASB would not be able to implement the Proposed Rights Issue and thus, the Group may need to raise the necessary funding required via new borrowings or other alternative options to finance its investments and working capital, which may result in additional interest expense and thereby, potentially reducing the Group's earnings.

You should note that should you choose not to subscribe for your entitlement to the Rights Shares or choose to renounce your entitlement pursuant to the Proposed Rights Issue, your existing percentage shareholding in ASB would be diluted accordingly.

Premised on the above, we are of the view that the rationale for the Proposed Exemption is justifiable.

6.2 Evaluation of the issue price of the Rights Shares

Based on Section 2.1.2, Part A of the Circular, the Issue Price will be determined and announced by the Board before the announcement of the Entitlement Date after taking into consideration the basis, amongst others, the TERP of ASB Shares calculated based on the five (5)-day VWAMP of ASB Shares immediately before the price-fixing date of the Rights Shares. It is the intention of the Board to fix the Issue Price such that the issue price at a discount of between 10% and 30% to the TERP based on the five (5)-day VWAMP of ASB Shares up to and including the date prior to the price-fixing date, subject to the Minimum Issue Price after taking into consideration the funding requirement of the Group as set out in Section 3.0, Part A of the Circular.

For the purpose of illustration only, the Rights Shares are assumed to be issued at the indicative issue price of RM0.055, which represents a discount of RM0.0162 or 22.75% to the TERP of RM0.0712 per Share, calculated based on the five (5)-day VWAMP of ASB Shares up to and including the LPD of RM0.1035 per Share.

AIS's Comments

In evaluating the indicative issue price of RM0.055 per Rights Share which is assumed to be issued at a discount of 22.75% to the TERP of ASB Shares based on five (5)-day VWAMP up to and including the LPD and that the discount may extend up to 30% as per the Board's intention, we have considered the following:

(i) Discount to the closing market prices and VWAMP of ASB Shares

	Closing market prices / VWAMP of ASB Shares	TERP	Discount of Indicative Issue Price to the TERP	
			RM	%
<u>Up to the LPD</u>				
• Closing market price	0.1050	0.0717	0.0167	23.29
• Five (5)-day VWAMP	0.1035	0.0712	0.0162	22.75
• One (1)-month VWAMP	0.1063	0.0721	0.0171	23.72
• Three (3)-month VWAMP	0.1038	0.0713	0.0163	22.86
• Six (6)-month VWAMP	0.1071	0.0724	0.0174	24.03
• Twelve (12)-month VWAMP	0.1679	0.0926	0.0376	40.60

	Closing market prices / VWAMP of ASB Shares	TERP	Discount of Indicative Issue Price to the TERP	
	RM	RM	RM	%
<u>Up to 10 March 2022, being the last trading day prior to the announcement of the Proposals (“Announcement LTD”)</u>				
• Closing market price	0.1150	0.0750	0.0200	26.67
• Five (5)-day VWAMP	0.1106	0.0735	0.0185	25.20

(Source: Bloomberg)

Based on the above, we note that the Indicative Issue Price represents:

- (i) discounts ranging from 22.75% to 40.60% to the TERP based on the closing market price as well as five (5)-day, one (1)-month, three (3)-month, six (6)-month, and twelve (12)-month VWAMP of ASB Shares up to and including the LPD; and
- (ii) discounts of 26.67% and 25.20% to the TERP based on the closing market price and the five (5)-day VWAMP of ASB Shares up to and including the Announcement LTD respectively.

We note that it is the intention of the Board to fix the Issue Price at a discount of between 10% and 30% to the TERP based on the five (5)-day VWAMP of ASB Shares up to and including the date prior to the price-fixing date, subject to the Minimum Issue Price. As such, please see the illustration in the table below based on the Minimum Issue Price:

	Closing market prices / VWAMP of ASB Shares	TERP	Discount of Minimum Issue Price to the TERP	
	RM	RM	RM	%
<u>Up to the LPD</u>				
• Closing market price	0.1050	0.0683	0.0183	26.79
• Five (5)-day VWAMP	0.1035	0.0678	0.0178	26.25
• One (1)-month VWAMP	0.1063	0.0688	0.0188	27.33
• Three (3)-month VWAMP	0.1038	0.0679	0.0179	26.36
• Six (6)-month VWAMP	0.1071	0.0690	0.0190	27.54
• Twelve (12)-month VWAMP	0.1679	0.0893	0.0393	44.01
<u>Up to the Announcement LTD</u>				
• Closing market price	0.1150	0.0717	0.0217	30.26
• Five (5)-day VWAMP	0.1106	0.0702	0.0202	28.77

(Source: Bloomberg)

Based on the above, we note that the Minimum Issue Price represents:

- (i) discounts ranging from 26.25% to 44.01% to the TERP based on the closing market price as well as five (5)-day, one (1)-month, three (3)-month, six (6)-month, and twelve (12)-month VWAMP of ASB Shares up to and including the LPD; and
- (ii) discounts of 30.26% and 28.77% to the TERP based on the closing market price and the five (5)-day VWAMP of ASB Shares up to and including the Announcement LTD respectively.

In view of the above, the Minimum Issue Price represents steeper discount to the closing market prices and VWAMP of ASB Shares as compared to the Indicative Issue Price.

Given that it is the Board's intention to fix the Issue Price at a range of discount between 10% to 30% to the TERP of ASB Shares, the Indicative Issue Price and the Minimum Issue Price are hence considered to be attractive for the subscription of the Rights Shares by the Entitled Shareholders and/ or renounee(s)/transferee(s).

(ii) Discount over the Audited and Pro forma Consolidated NA per ASB Share

	Audited/ Pro forma consolidated NA per ASB Share	Discount of Indicative Issue Price to the Audited and Pro forma Consolidated NA	
	RM	RM	%
Audited as at 31 December 2021	0.49	0.43	88.70
Based on Minimum Scenario	0.22	0.17	75.36
Based on Maximum Scenario	0.20	0.14	72.34

Based on the above, we note that the Indicative Issue Price represents steep discount of 88.70% to the audited consolidated NA per ASB Share as at 31 December 2021 and discounts of 75.36% and 72.34% to the pro forma consolidated NA per ASB Share as at 31 December 2021 under the Minimum Scenario and Maximum Scenario, respectively.

	Audited/ Pro forma consolidated NA per ASB Share	Discount of Minimum Issue Price to the Audited and Pro forma Consolidated NA	
	RM	RM	%
Audited as at 31 December 2021	0.49	0.44	89.72
Based on Minimum Scenario	0.22	0.17	77.60
Based on Maximum Scenario	0.20	0.15	74.86

Based on the above, we note that the Minimum Issue Price represents steeper discount of 89.72% to the audited consolidated NA per ASB Share as at 31 December 2021 and discounts of 77.60% and 74.86% to the pro forma consolidated NA per ASB Share as at 31 December 2021 under the Minimum Scenario and Maximum Scenario, respectively.

The Entitled Shareholders should take into consideration the illiquid nature of the Group's assets, such as its property, plant and equipment as well as other non-current assets which may not be readily realised and converted into cash or cash equivalents.

Despite the Indicative Issue Price and the Minimum Issue Price representing steep discount to the audited and pro forma consolidated NA per ASB Share, it is pertinent to note that the Rights Shares will be allotted on a pro-rata basis to all Entitled Shareholders and such steep discount is also intended to encourage the Entitled Shareholders and/or their renounee(s)/transferee(s), if applicable, to subscribe for the Rights Shares.

It is pertinent to note that should you not subscribe to your rights' entitlements under the Proposed Rights Issue, this implies:

- (i) a significant dilution of the collective shareholdings of the non-interested shareholders from 71.05% to 27.70% upon the Proposed Rights Issue under Minimum Scenario;**
- (ii) transfer of value in the form of the Rights Shares at a discount of RM0.0162, or representing 22.75% to the TERP of ASB Shares based on five (5)-day VWAMP up to and including the LPD and at a significant discount of 88.70% to the audited consolidated NA per ASB Share as at 31 December 2021 of RM0.49 per ASB Share to the participating Entitled Shareholders in the Proposed Rights Issue based on the Indicative Issue Price; and**
- (iii) transfer of value in the form of the Rights Shares at a discount of RM0.0178, or representing 26.25% to the TERP of ASB Shares based on five (5)-day VWAMP up to and including the LPD and at a significant discount of 89.72% to the audited consolidated NA per ASB Share as at 31 December 2021 of RM0.49 per ASB Share to the participating shareholders in the Proposed Right Issue based on the Minimum Issue Price.**

Premised on the above, we are of the view that the Issue Price of the Rights Shares is justifiable in view of the following:

- (i) the entitlements for the Proposed Rights Issue are proportionate to the respective shareholding of all Entitled Shareholders on the Entitlement Date;
- (ii) the subscription by DASB for the additional Rights Shares under Excess Application will be on terms that are identical to those offered to all other Entitled Shareholders;
- (iii) the Entitled Shareholders who choose not to subscribe for the Rights Shares can trade their rights' entitlements to the Rights Shares on the open market, and as such, those that choose to renounce their entitlements to the Rights Shares can sell all or part of their rights' entitlements to the Rights Shares in the market. However, the Entitled Shareholders should note that such rights' entitlements may not be traded at its theoretical value or intrinsic value;
- (iv) the Entitled Shareholders have the same right to subscribe for their entitlements to the Rights Shares at the same issue price of Rights Shares, and that,

the Indicative Issue Price represents the following:

- (a) discounts ranging from 22.75% to 40.60% to the TERP based on the closing market price as well as five (5)-day, one (1)-month, three (3)-month, six (6)-month, and twelve (12)-month VWAMP of ASB Shares up to and including the LPD;
- (b) discounts of 26.67% and 25.20% to the TERP based on the closing market price and the five (5)-day VWAMP of ASB Shares up to and including the Announcement LTD respectively;
- (c) discount of 88.70% to the audited consolidated NA per ASB Share as at 31 December 2021 and discounts of 75.36% and 72.34% to the pro forma consolidated NA per ASB Share as at 31 December 2021 under the Minimum Scenario and Maximum Scenario, respectively; and

the Minimum Issue Price represents the following:

- (a) discounts ranging from 26.25% to 44.01% to the TERP based on the closing market price as well as five (5)-day, one (1)-month, three (3)-month, six (6)-month, and twelve (12)-month VWAMP of ASB Shares up to and including the LPD;
- (b) discounts of 30.26% and 28.77% to the TERP based on the closing market price and the five (5)-day VWAMP of ASB Shares up to and including the Announcement LTD respectively;
- (c) discount of 89.72% to the audited consolidated NA per ASB Share as at 31 December 2021 and discounts of 77.60% and 74.86% to the pro forma consolidated NA per ASB Share as at 31 December 2021 under the Minimum Scenario and Maximum Scenario, respectively; and
- (v) the collective percentage shareholdings of DASB and his PACs will only increase if there are remaining Rights Shares which are not fully subscribed for by other Entitled Shareholders at their own discretion.

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6.3

Effects of the Proposals

The Proposed Exemption, on a standalone basis, will not have any effect on the issued share capital, NA, NA per Share, gearing, substantial shareholders' shareholdings of the Company, earnings and EPS of the Group. However, due to the inter-conditionality of the Proposed Rights Issue and Proposed Exemption, we take note of the effects of the Proposed Rights Issue based on the Minimum Scenario and Maximum Scenario as set out in Section 6.0, Part A of the Circular. The Proposed Exemption is necessary to facilitate the implementation of the Proposed Rights Issue.

6.3.1 Share capital

The pro forma effects of the Proposed Rights Issue on the issued share capital of the Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
As at the LPD	929,194,943	381,376,645	929,194,943	381,376,645
To be issued pursuant to the Proposed Rights Issue	1,454,545,455	80,000,000 ⁽¹⁾	1,858,389,886	102,211,444 ⁽¹⁾
After the Proposed Rights Issue	2,383,740,398	461,376,645	2,787,584,829	483,588,089
To be issued pursuant to the Proposed SGS	238,374,040 ⁽²⁾	16,972,232 ⁽³⁾	278,758,483 ⁽²⁾	19,847,604 ⁽³⁾
Enlarged issue share capital	2,622,114,438	478,348,877	3,066,343,312	503,435,693

Notes:

- (1) Computed based on the Indicative Issue Price.
- (2) Calculated based on ten percent (10%) of the total number of issued shares of the Company pursuant to the Proposed SGS, assuming that the Proposed SGS is implemented after the completion of the Proposed Rights Issue and the Grants are satisfied entirely via issuance of new ASB Shares only.
- (3) For illustrative purposes, calculated based on the assumed grant price of RM0.0712, being the TERP of ASB Shares, computed based on five (5)-day VWAMP of the ASB Shares up to and including the LPD of RM0.1035 per Share following the completion of the Proposed Rights Issue. For avoidance of doubt, the Proposed SGS will only be implemented after the completion of the Proposed Rights Issue.

AIS's Comments

We take cognisance that the Proposed SGS will not have an immediate effect on the existing issued share capital of ASB until such time when the SGS Shares granted are vested. For the purpose of our evaluation, we have considered the pro forma effects of the Proposed Rights Issue on the issued share capital of ASB as it is inter-conditional upon the Proposed Exemption.

Under Minimum Scenario, the issued share capital of ASB will increase from approximately RM381.38 million to RM461.38 million. Under Maximum Scenario, the issued share capital of ASB will increase from approximately RM381.38 million to RM483.59 million following the issuance of new ASB Shares on the assumption that all the Entitled Shareholders will fully subscribe for their respective entitlements under the Proposed Rights Issue. Based on the Indicative Issue Price, the Proposed Rights Issue is expected to raise gross proceeds of approximately RM80.00 million (under Minimum Scenario) and RM102.21 million (under Maximum Scenario).

6.3.2

NA and gearing

Save for the potential impact of the MFRS 2 on share-based payment as described in Section 6.2, Part A of this Circular, the Proposed SGS is not expected to have an immediate effect on the NA, NA per Share and gearing of the Group until such time when the new ASB Shares are issued and/or transferred pursuant to the vesting of the Grants. The pro forma effects of the Proposed Rights Issue on the NA and gearing of the Group are as follows:

	Audited as at 31 December 2021 RM'000	Minimum Scenario		Maximum Scenario	
		Proposed Rights Issue RM'000	After (I) and Proposed Rights Issue RM'000	Proposed Rights Issue RM'000	After (I) and Proposed Rights Issue RM'000
Share capital	381,377	461,377	483,588		
Other reserves	28,346	28,346	28,346		
Retained earnings	43,626	42,426 ⁽¹⁾	42,426 ⁽¹⁾		
Shareholders' equity / NA	453,349	532,149	554,360		
Non-controlling interest	83,837	83,837	83,837		
Total equity	537,186	615,986	638,197		
No. of Shares ('000)	929,195	2,383,740	2,787,585		
NA per Share (RM)	0.49	0.22	0.20		
Borrowings (RM'000)	105,350	105,350	105,350		
Gearing (times)	0.20	0.17	0.17		

Note:

(1) After deducting the estimated expenses incidental to the Proposals of approximately RM1.20 million.

AIS's Comments

As illustrated above in table above, the pro forma NA will increase from approximately RM453.35 million to RM532.15 million (under Minimum Scenario) and RM554.36 million (under Maximum Scenario) due to the increase in the issued share capital of ASB pursuant to the Proposed Rights Issue. The non-interested shareholders of ASB should note that the dilution in the pro forma NA per ASB Share is mainly due to the issuance of the Rights Shares at an Indicative Issue Price, which is below the pro forma NA per ASB Share post completion of the Proposed Rights Issue of RM0.22 per ASB Share (under Minimum Scenario) and RM0.20 per ASB Share (under Maximum Scenario).

The gearing of the Company will decrease from 0.20 to 0.17 (under both Minimum Scenario and Maximum Scenario) pursuant to the Proposed Rights Issue. The improvement in gearing ratio is mainly attributable to the increase in shareholders' equity as a result of the issuance of the Rights Shares pursuant to the Proposed Rights Issue.

6.3.3 Substantial shareholder's shareholding

The Proposed SGS is not expected to have any immediate effect on the substantial shareholders' shareholdings in the Company. Any dilution to the substantial shareholders' shareholdings in the Company arising from the Proposed SGS will depend on the number of new ASB Shares granted under the Proposed SGS at any point in time.

The pro forma effects of the Proposed Rights Issue on the substantial shareholders' shareholding in the Company based on the register of substantial shareholders of the Company as at the LPD are as follows:

Substantial shareholders	As at the LPD			Minimum Scenario After the Proposed Rights Issue		
	Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares
DASB	76,810,009	8.27	139,391,853 ⁽¹⁾	1,531,355,464	64.24	139,391,853 ⁽¹⁾
SDSB	80,799,926	8.70	-	80,799,926	3.39	-
BESB	58,591,927	6.31	-	58,591,927	2.46	-
	216,201,862	23.28	-	1,670,747,317	70.09	-

Substantial shareholders	Maximum Scenario After the Proposed Rights Issue		
	Direct No. of Shares	%	Indirect No. of Shares
DASB	230,430,027	8.27	418,175,559 ⁽¹⁾
SDSB	242,399,778	8.70	-
BESB	175,775,781	6.31	-
	648,605,586	23.28	-

Note:

⁽¹⁾ Deemed interested by virtue of his interest in SDSB and BESB pursuant to Section 8 of the Act.

AIS's Comments

Under Minimum Scenario, the shareholding of DASB in ASB may potentially increase from 8.27% as at the LPD to a maximum of 64.24% of the total enlarged issued shares of ASB upon completion of the Proposed Rights Issue.

Under Maximum Scenario, assuming all Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue, there will be no effect on the substantial shareholders' percentage shareholding in ASB as the Rights Shares will be allotted on a pro-rata basis to all Entitled Shareholders. It is pertinent for the non-interested shareholders of ASB to note that their existing percentage shareholding would be diluted, should they choose not to subscribe for the Rights Shares.

6.3.4 Earnings and EPS

Barring unforeseen circumstances, the Proposed Rights Issue is expected to contribute positively to the future earnings of the Group when the benefits of the utilisation of proceeds as detailed under Section 3.0, Part A of the Circular are realised. Nonetheless, the Proposed Rights Issue and Proposed SGS will result in a potential dilution of the consolidated EPS/(LPS) of ASB pursuant to the increase in the number of ASB Shares in issue following the issuance of the Rights Shares as well as the SGS Shares and the cost arising from the Grants based on the market price of ASB Shares pursuant to the vesting period of the Grants.

In accordance with MFRS 2, the cost arising from the Grants is required to be measured at the Grant Date based on the fair value of the Grants and recognised as an expense over the vesting period of the Grants. The quantum of such impact cannot be reliably ascertained at this point in time as such effects on the earnings of the Company are dependent on, inter alia, the actual number of SGS Shares granted and vested as well as the grant price of the SGS Share. It is important to note that for the issuance of new ASB Shares pursuant to the Grant, the estimated cost does not represent a cash outflow by the Company as it is merely an accounting treatment in the statement of comprehensive income of ASB over the vesting period of such Grants.

AIS's Comments

There is potential dilution in the EPS/(LPS) of the Group based on the audited FYE 2021 due to the increase in the number of ASB Shares to be issued pursuant to the Proposed Rights Issue and Proposed SGS.

	FYE 2021	<u>Minimum Scenario</u>	
		<u>(I)</u> After Proposed Rights Issue	<u>(II)</u> After (I) and Proposed SGS
LAT (RM'000)	(1,409)	(1,409)	(1,409)
No. of shares (000)	929,195	2,383,740	2,622,114
LPS (sen)	(0.15)	(0.06)	(0.05)

	FYE 2021	<u>Maximum Scenario</u>	
		<u>(I)</u> After Proposed Rights Issue	<u>(II)</u> After (I) and Proposed SGS
LAT (RM'000)	(1,409)	(1,409)	(1,409)
No. of shares (000)	929,195	2,787,585	3,066,343
LPS (sen)	(0.15)	(0.05)	(0.05)

As illustrated in the table above, the LPS will reduce from approximately 0.15 sen to approximately 0.06 sen (under Minimum Scenario) and 0.05 sen (under Maximum Scenario) due to the increase in the issued share capital of ASB pursuant to the Proposed Rights Issue. In accordance with MFRS 2, the cost arising from the Grants is required to be measured at the Grant Date based on the fair value of the Grants and recognised as an expense over the vesting period of the Grants. Pursuant to the above, we have not taken into consideration the quantum of such impact on the earnings of the Company as it cannot be reliably ascertained at this point in time which will be dependent on, inter alia, the actual number of SGS Shares granted and vested as well as the grant price of the SGS Share.

Nonetheless, the Proposed Rights Issue will enable the Group to raise funds mainly to invest in existing businesses and/or future business expansion and/or new strategic investment. This includes the investment in relation to the New Payment Application Services, Hospitality, Development Projects and Bus Body Fabrication as discussed in Section 6.1 of the IAL.

Further, depending on the eventual subscription of Rights Shares, the Group is able to finance/part-finance any potential suitable/viable acquisitions, collaborative arrangements, and/or business/investment opportunities in similar or other complementary businesses and/or assets for the future expansion of the Group's existing businesses. In this respect, the Proposed Rights Issue is expected to enhance the financial performance of the Group when the benefits of the utilisation of proceeds for the Proposed Rights Issue are realised. However, you should note that there is no certainty on the realisation of the benefits arising from the utilisation of the proceeds from the Proposed Rights Issue.

Premised on the evaluation above, we are of the view that the overall effects of the Proposals are not detrimental to the interest of the non-interested shareholders of ASB.

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6.4 Industry outlook and future prospects of the Group

6.4.1 Property Development and Investment Division (Hospitality)

AIS's Comments

Based on the overview and outlook of the hotel industry in Malaysia, UK and China (Shanghai) in Sections 5.2, 5.3 and 5.4, Part A of the Circular respectively, we note that:

- (i) the hotel industry in Malaysia is anticipating an average occupancy rate of 35% for 2022, which would indicate another year of losses. The hotel industry expects the ADR to remain at RM180 to RM190, marking an average drop of 20% to 30% compared with pre-pandemic levels. The midscale to upper-scale luxury hotels saw a drop of at least 50% in ADR, having lost all international markets. Nonetheless, the Langkawi travel bubble had shown good success, with occupancy of hotels high on weekends and leaning towards higher-rated hotels;
- (ii) the hotel industry in UK is expected to recover and accelerate in year 2022 following return of cross-border travel and revival of transatlantic travel which supports the tourism demand growth. Further, the opportunities arising from the corporate and leisure travel partly as a result of the digital corporate nomad, has opened doors for hotel operators to bridge the gap and capture some of this longer stay corporate/leisure demand; and
- (iii) the hotel industry in China had developed rapidly over the past decade driven by significant numbers of domestic and international tourists and increasing living standards and per capita spending for tourism. The Holiday Villa Hotel & Residence, Shanghai Jiading P.R.C. was on its upward trend since beginning of 2022, nonetheless it experienced a downward trend for March 2022 pursuant to a surge of the COVID-19 cases in China which resulted in many cities, including Shanghai, experiencing a city lockdown.

On back of the ongoing COVID-19 pandemic and taking into consideration the above, we are of the view that the hotel industry is expected to be challenging. The demand for the tourism will remain below pre-pandemic levels in near term, associated with other predicaments such as massive drain in talent as a result of retrenchment during COVID-19 pandemic, cost for recruitment and retention of staff, payroll inflation and tourism demand.

However, we note that the management of ASB Group has been pivoting to capitalise on the opportunities arising from the domestic tourism following the latest announcement by the Government to reopen the Malaysia's borders to international visitors from 1 April 2022, allowing travellers who are fully vaccinated against COVID-19 pandemic to enter the country without quarantine.

In regards of Holiday Villa Hotel & Residence Shanghai Jiading P.R.C. in Shanghai, we note that despite the lockdown during the period from March 2022 to May 2022, it still generated income as the rooms were reserved by the China authority for quarantined guests and/or their medical staff and workers.

In view of the above development, the new facilities and upgrading works of its existing hotels, namely Holiday Villa Beach Resort & Spa Langkawi and Holiday Villa Beach Resort & Spa Cherating were underway since year 2020 and the resorts are expected to attract domestic and international travellers. We note that ASB could ride on the tourism trend leaning towards higher-rated hotels. We are of the view that the strategy of ASB Group is expected to bode well with the recovery in domestic travel, driven by pent-up demand in the medium to long term.

6.4.2 Property Development and Investment Division (Property Development)

AIS's Comments

Based on the overview and outlook of the property industry in Sarawak stipulated in Section 5.5, Part A of the Circular, we note that the residential sector in Sarawak is the most active property market that makes up more than 45% of volume and value of transacted properties. The landed residential sector for Sarawak also remained steady in 2021, while an up-trend is expected in 2022 depending on overall economic recovery.

We further note that following the reopening of the economy sectors, the property transactions and occupancies, including the property prices may improve, which are driven by, among others, the government incentives such as stamp duty exemption, real property gain tax exemption after the 5th year, uplifting of 70% margin financing, discounts by developers and lower interest rates for home purchase. However, the recovery of the property sector could be affected by the mitigation measures against COVID-19, inflationary pressure and political stability.

Taking into consideration the negative impact of COVID-19 pandemic in the property market industry, we are of the view that the property market in Sarawak would remain soft due to the direct impact from the pandemic crisis and increasingly stringent financing requirements. However, we note that the management of ASB will undertake the appropriate measures in addressing the marketability of its properties, underpinned by the right pricing and affordability for its development properties.

The development approvals for Phase 2 of the Federal Park project and Sejjak project have been obtained and barring unforeseen circumstances, the development of Phase 2 of the Federal Park project, comprising 116 residential houses, is expected to commence in the third quarter of 2022, followed by the development of the Sejjak project, comprising 208 units of residential houses, which is expected to commence in the fourth quarter of 2022.

Phase 1 of Federal Park lies about 8.9 kilometres from Kuching city centre, fronts the FAC Highway and within walking distance to SMK Matang Hilir secondary school. The Phase 1 of Federal Park can be easily accessed as all roads leading to the project site are fully tar-sealed.

Sejjak project is located along Jalan Sejjak, Kuching and lies about 9.3 kilometres from Kuching city centre. The project is located within the vicinity of various other residential developments.

Taking into consideration the track record of the past projects of the Group, such as Phase 1 of the Federal Park project (save for 16 units of 3-storey shop lots which are expected to be sold together with Phase 2) and Taman Sri Matang project, both of which are fully sold as at the LPD, we are of the view that the Group's positioning for the target market segment of medium to medium-low priced properties would encourage the sales of the projects and thereby enhance the earnings visibility of the Group.

Whereas for the Yap Ah Shak House in Kuala Lumpur which had undertaken the renovation and refurbishment works in year 2021, the aforesaid mixed-use property comprising serviced-offices and meeting facilities is expected to fully operational in year 2022 and serve its target market of the city area. We are of the view that the investment property is expected to contribute positively to the future earnings of the Group by leveraging on its strategic location with its business potential.

6.4.3 Financial Services Division

AIS's Comments

Based on the overview and outlook of the digital payment industry in Malaysia stipulated in Section 5.6, Part A of the Circular, we note that the landscape of digital payment industry has been accelerated underpinned by the COVID-19 impact, which has changed the trend of Malaysians in the adoption of digital payment and transactions.

The general digital adoption rate for B2B sector, nonetheless, is still less proactive and rather low, as the SMEs still rely heavily on the traditional payment methods such as cash and cheques as well as fund transfer via real time electronic transfer of funds and securities system (RENTAS) and society of worldwide interbank financial telecommunication (SWIFT).

Following the above, there are few areas that Fintech players could enhance in order to promote the greater use of the B2B digital payments, which include, among others, providing cash management and monitoring features, value-add services relating to accounting, financial and tax advisory, facilitating larger cross-border remittance amounts in real-time, and addressing cybersecurity concerns.

We note that the management of the Group has tapped into the enormous opportunities arising from the digital market of B2B payments by expanding its merchant acquiring services business through Paydee. As at the LPD, Paydee is in the midst of developing the New Payment Application Services as stated in Section 6.1.1, Part B of this IAL. We further note that the New Payment Application Services will benefit the SMEs in digital payments in a more efficient and transparent manner as compared to existing traditional payment methods.

The development of the New Payment Application Services is expected to be in line with the introduction of Blueprint by the Government to increase inclusivity of all Malaysians in digital activities, which will be led by BNM in promoting electronic payment onboarding programme for both merchants and consumers towards a cashless society. As part of the Blueprint, we also note that Government has targeted to achieve 400 electronic payment transactions made per capita and 36 Electronic Funds Transfer at Point of Sale terminals per 1,000 inhabitant by 2022. As such, we are of the view that the new product roadmap and business development strategies of the New Payment Application Services is expected to bode well with the Group's long term strategy to capitalise the rising e-commerce activities in Malaysia.

6.4.4 Bus-body Fabrication Division

AIS's Comments

Based on the overview and outlook of the bus and coach industry in Australia stipulated in Section 5.7, Part A of the Circular, we note that the buses and coaches represent the most important mode of public transport in Australia as the provision of school bus and public transport (route) services are provided under state and territory government contractual arrangements.

We further note that 88.9% of public transport passenger route service buses and 59.6% of school buses in year 2020 are manufactured in Australia, of which the majority built by Australian body manufacturers on a European or Asian chassis while the remainder being fully imported buses and coaches primarily from Asia, with some from Europe and South America.

The management of the Group remained cautiously optimistic on the delivery of buses to Australia following the completion of testing and certification for the Group's fabricated bus body in Australia. The management anticipates an increase in production from 4 buses per month to 20 buses per month for the next 2 years to cater for the expected increase in orders. The increased production is expected to augur well with the Group's long term strategy to cater for the Australian market.

We also noted that the Group has the Autobus model series which is designed and built in compliance with the internationally recognised safety standards.

We are of the view that the Group is able to capitalise on the Australian market in view of its prior experience in delivering the orders of bus body. Underpinned by the introduction of electric bus fleet and taking into consideration the significance of bus as a major public transport in Australia, we opine that the Group is able to tap into the Australian market with larger market shares.

6.5 Implications of the Proposed Exemption

The non-interested shareholders of ASB should note that the SC will only consider the application for the Proposed Exemption if DASB and his PACs have satisfied, amongst others, the following conditions pursuant to subparagraph 4.08(2) of the Rules:

- (i) there is no acquisition of shares or instruments convertible into shares and options in respect of shares (other than subscriptions for new shares or new instruments convertible into or options in respect of new shares which have been disclosed in the Circular) by the DASB and his PACs, in the 6 months prior to the announcement of the Proposals but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of the Company in relation to the proposed issue of new securities until completion of the subscription (i.e. from 10 September 2021 up to the completion of the subscription) ("**Disqualifying Transaction**"); and
- (ii) approval has been obtained from non-interested holders of voting shares or voting rights of ASB at a meeting of the holders of the relevant class of voting shares or voting rights to waive their rights to receive the Mandatory Offer from DASB and his PACs. The voting at the meeting shall be conducted by way of a poll.

Any exemption granted will be invalidated if DASB and/ or his PACs have engaged or engages in a Disqualifying Transaction. For avoidance of doubt, as at the LPD, the Company does not have any issued convertible or option.

Pursuant to the above, set out below are the impacts on the non-interested shareholders of ASB based on the respective results of the votes for the Proposed Exemption:

In the event the non-interested shareholders of ASB vote in favour of the Proposed Exemption
<p>(i) Voting in favour of the Proposed Exemption will imply that the SC would be able to consider the application by DASB and his PACs for the Proposed Exemption.</p> <p>The approval from the SC for the Proposed Exemption would then exempt DASB and his PACs from the obligation to undertake the Mandatory Offer in ASB to acquire all the remaining ASB Shares not already owned by them upon completion of the Proposed Rights Issue.</p> <p>(ii) Pursuant to the Undertakings from DASB, DASB has provided irrevocable and unconditional undertakings for the following:</p> <ul style="list-style-type: none"> (a) to subscribe in full for his entitlements for the Rights Shares under the Proposed Rights Issue based on his corresponding shareholdings in ASB on the Entitlement Date; and (b) to apply for the additional 1,300,925,437 Rights Shares under Excess Application in order to meet the Minimum Scenario.

As a result of the above, DASB's shareholding in ASB is expected to increase from 8.27% to 64.24% upon completion of the Proposed Rights Issue under the Minimum Scenario.

Voting in favour of the Proposed Exemption will imply that the non-interested shareholders of ASB would waive their rights and exempt DASB and his PACs from the obligation to undertake Mandatory Offer (which shall be no lower than the highest price paid by DASB and his PACs for the ASB Shares within the past 6 months before the incurrence of such obligation to undertake the Mandatory Offer). As such, DASB and his PACs will be able to increase the shareholdings in ASB without incurring an obligation to make a mandatory take-over offer after completion of the Proposed Rights Issue.

Nonetheless, the Entitled Shareholders should note that voting in favour of the Proposed Exemption does not in any way impede your rights to participate in the Proposed Rights Issue. However, should you decide not to subscribe for your entitlements under the Proposed Rights Issue, your percentage of shareholding in ASB will be diluted accordingly. Under Minimum Scenario, the total shareholdings of non-interested shareholders of ASB would be diluted from approximately 71.05% as at the LPD to approximately 27.70% after the completion of the Proposed Rights Issue.

Pursuant to DASB's Undertaking, the public shareholding spread of ASB will reduce from approximately 69.71% to 27.17% as at the LPD under Minimum Scenario. The reduced public shareholding spread of ASB may impede the trading liquidity of the ASB Shares, i.e. there may be reduced trading activities for the ASB Shares as less ASB Shares are in the hands of public shareholders.

Note:

For avoidance of doubt, the Undertaking Shareholder is not obliged and has decided not to subscribe for the additional Rights Shares under Excess Application pursuant to the Undertaking if the Minimum Scenario has been achieved via subscription by all Entitled Shareholders and/or their renouncee(s)/transferee(s).

- (iii) Subject to the actual number and percentage of voting rights that DASB and his PACs will hold individually and/or collectively after the completion of the Proposed Rights Issue, the following thresholds pursuant to the Rules would be obliged to be observed by DASB and his PACs after the completion of the Proposals:
- (a) in the event the individual shareholding of DASB or his PACs in the Company is below 33%, an obligation to undertake a mandatory offer would be triggered if any member of the DASB or his PACs increases his/her/ its shareholding in the Company to above 33%;
 - (b) in the event that the collective shareholding of DASB and his PACs in the Company is below 33%, an obligation to undertake a mandatory offer would be triggered if DASB and his PACs increases his/ her/ its shareholding in the Company to above 33%;
 - (c) in the event that the collective shareholding of DASB and his PACs is more than 33% but less than 50%, an obligation to undertake a mandatory offer would be triggered if the shareholding of the DASB and his PACs, both individually and collectively, increases by more than 2% in any 6-month period; and
 - (d) in the event that the collective shareholding of the DASB and his PACs is more than 50%, any further increase in their collective shareholding would not trigger an obligation to undertake a mandatory offer provided that the DASB and his PACs do not trigger such mandatory offer obligation on an individual basis (i.e. individually increases his/her/its shareholdings to above 33%).

Accordingly, subject to the eventual shareholdings of DASB and his PACs, voting in favour will imply that the Proposed Exemption would allow the increase in the collective shareholdings of DASB and his PACs in ASB to above 33% of the enlarged issued share capital of ASB, from 28.96% as at the LPD to a maximum of 72.31% of the total enlarged issued shares of ASB upon completion of the Proposed Rights Issue under the Minimum Scenario without being required to undertake the Mandatory Offer.

As such, DASB and PACs will be gaining control of ASB at a discount and without a premium being paid to the non-interested shareholders.

- (iv) Should the collective shareholding of DASB and his PACs increase to more than 50% after the Proposed Rights Issue, any further increase in the collective shareholding would not trigger an obligation to undertake a Mandatory Offer.

As such, DASB and his PACs may obtain control over ASB at the Indicative Issue Price, which represents the following:

- (a) discounts of 26.67% and 25.20% to the TERP based on the closing market price and the five (5)-day VWAMP of ASB Shares up to and including the Announcement LTD respectively; and
- (b) discount of 88.70% to the audited consolidated NA per ASB Share as at 31 December 2021 and discounts of 75.36% and 72.34% to the pro forma consolidated NA per ASB Share as at 31 December 2021 under the Minimum Scenario and Maximum Scenario, respectively.

Further, ASB and his PACs may obtain control over ASB at the Minimum Issue Price intended by the Board, which represents the following:

- (a) discounts of 30.26% and 28.77% to the TERP based on the closing market price and the five (5)-day VWAMP of ASB Shares up to and including the Announcement LTD respectively; and
- (b) steeper discount of 89.72% to the audited consolidated NA per ASB Share as at 31 December 2021 and discounts of 77.60% and 74.86% to the pro forma consolidated NA per ASB Share as at 31 December 2021 under the Minimum Scenario and Maximum Scenario, respectively.

With a shareholding of more than 50%, DASB and his PACs will have statutory control over ASB and will be able to determine the outcome of ordinary resolutions which require a simple majority of 50% plus 1 share (unless DASB and his PACs are required to abstain from voting). In addition, DASB and his PACs are likely to significantly influence the outcome of the special resolutions which will require a special majority of at least 75% at general meetings (unless DASB and his PACs are required to abstain from voting).

Voting in favour of the Proposed Exemption will imply that the shareholders of ASB agree to forgo the opportunity of the Mandatory Offer from DASB and his PACs.

Despite the Indicative Issue Price and the Minimum Issue Price representing a steep discount to the audited and pro forma consolidated NA per ASB Share, it is pertinent to note that the Rights Shares will be allotted on a pro-rata basis to all Entitled Shareholders and such steep discount is also intended to encourage the Entitled Shareholders and/or their renounee(s)/transferee(s), if applicable, to subscribe for the Rights Shares.

- (v) In view that the Proposed Rights Issue and Proposed Exemption are inter-conditional as set out in Section 8.0, Part A of the Circular, without the Proposed Exemption, the Proposed Rights Issue will not be implemented. Therefore, **voting in favour of the Proposed Exemption will enable ASB to potentially benefit from the Proposed Rights Issue (if the Proposed Rights Issue is approved by the non-interested shareholders of ASB).**

**In the event the non-interested shareholders of ASB
vote against the Proposed Exemption**

- (i) The SC would not be able to consider the Proposed Exemption.
- (ii) In view of the inter-conditionality of the Proposed Rights Issue and the Proposed Exemption, voting against the Proposed Exemption will impede ASB to undertake the Proposed Rights Issue to raise funds for the investments in existing businesses and/or future business expansion/new strategic investment and working capital requirements. Accordingly, ASB will not be able to realise the potential advantages as detailed in Section 10 of this IAL.
- Hence, the Board will have to deliberate on other possible alternatives including additional borrowings to raise funds for its investments and working capital as well as to service any debt obligations arising from the new borrowings.

7. DIRECTORS' INTENTION TO VOTE

As at the LPD, save for disclosed below, the Directors do not have any interest (direct and indirect) in the ASB Shares. Their intention to vote in relation to the Proposed Exemption is as follows:

Name	<-----Direct----->		<-----Indirect----->		Intention to vote in relation to the Proposed Exemption
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	
DASB	76,810,009	8.27	139,391,853 ⁽²⁾	15.01	Abstain ⁽⁶⁾
Aryati Sasya	22,308,000	2.40	-	-	Abstain ⁽⁶⁾
Anton Syazi	-	-	30,467,000 ⁽³⁾	3.28	Abstain ⁽⁶⁾
Lee Su Nie	-	-	365,000 ⁽⁴⁾	0.04	Yes
Puan Sri Datin Masri Khaw Abdullah	-	-	12,000,000 ⁽⁵⁾	1.29	Yes

Notes:

- (1) Based on the issued share capital of 929,194,943 as at the LPD.
- (2) Deemed interested by virtue of his interest in SDSB and BESB pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of his interest in ERSB pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of the shareholdings of her spouse in the Company.
- (5) Deemed interested by virtue of her interest in ASH Holdings Sdn Bhd pursuant to Section 8 of the Act.
- (6) In view that he/she is the Interested Party (as set out in Section 9, Part A of the Circular), he/she shall abstain from voting in respect of his/her direct and/or indirect shareholding in the Company on the resolution pertaining to the Proposed Exemption at the forthcoming EGM.

8. FUTURE PLANS OF ASB GROUP AND ITS EMPLOYEE

In accordance with Paragraph 8, Schedule 2, Part II of the Rules, DASB and his PACs have confirmed that as at the LPD, they do not intend to effect any major change to the following:

- (i) the continuation of the business of the Group;
- (ii) the business of the Group, including any plans to liquidate any of the companies within the Group, sell any material assets or re-deploy the fixed assets of the Group or make any other major change in the business of the Group; and
- (iii) the continued employment of the employees of the Group,

except where such changes are in the ordinary course of the Group's business or are necessary to rationalise or improve the Group's operations and/or financial performance.

DASB and his PACs shall retain the flexibility at any time to consider any options which are in the best interest of the Group. DASB and his PACs intend to maintain the listing status of ASB on the Main Market of Bursa Securities.

The Undertaking provided by DASB serves to provide continued financial support to the Group. The Management of ASB believes that the Proposed Rights Issue is expected to place the Group in a better financial footing moving forward as well as deliver greater value to the shareholders of the Company and to facilitate the Group in turning around its current loss-making position.

9. DIRECTORS' RESPONSIBILITY STATEMENT

This IAL has been seen and approved by the Board, who collectively and individually accept full responsibility for the accuracy of the information given in this IAL and confirm that, after making all reasonable enquiries and to the best knowledge of the Board, all information relevant to the evaluation of the Proposed Exemption have been disclosed and that there is no omission of any material facts which would make any statement in this IAL false or misleading.

Further, the responsibility of the Board in respect of:

- (i) the information relating to DASB and his PACs (as provided by DASB and his PACs) is limited to ensuring that such information is accurately reproduced in this IAL; and
- (ii) the independent advice and expression of opinion by AIS in relation to the Proposed Exemption is limited to ensuring that accurate information in relation to the Group was provided to AIS for its evaluation of the Proposed Exemption and to ensure that all information in relation to the Group that are relevant to AIS's evaluation of the Proposed Exemption have been completely disclosed to AIS and that there is no material fact, the omission of which would make any information provided to AIS false or misleading.

10. FURTHER INFORMATION

The non-interested shareholders of ASB are advised to refer to Part A of the Circular and the enclosed appendices for further information.

11. CONCLUSION AND RECOMMENDATION

The non-interested shareholders of ASB should carefully consider the merits and demerits of the Proposals based on all relevant and pertinent factors including those set out in this IAL as well as those highlighted by the Board in its letter to shareholders of ASB in relation to the Proposals as set out in Part A of the Circular before voting on the ordinary resolution in respect of the Proposed Exemption at the forthcoming EGM.

Non-interested shareholders of ASB should note that if you decide not to subscribe for your entitlements under the Proposed Rights Issue, your percentage of shareholding in ASB will be diluted accordingly.

It is pertinent to note that the entitlements for the Proposed Rights Issue are proportionate to the respective shareholding of the Entitled Shareholders on the Entitlement Date. Should all the Entitled Shareholders and/or their renounee(s)/transferee(s) subscribe in full for their respective entitlements under the Proposed Rights Issue, there will not be any excess Rights Shares to be subscribed by DASB.

Further, DASB's Undertaking to subscribe in full for his entitlement under the Proposed Rights Issue and to apply for additional Rights Shares under Excess Application not taken up by the other Entitled Shareholders and/or their renounee(s)/transferee(s), is on terms which are identical to those offered to all other Entitled Shareholders.

Nonetheless, the non-interested shareholders of ASB should note that, if you do not subscribe to your rights' entitlements under the Proposed Rights Issue, this would imply:

- (i) a significant dilution of the collective shareholdings of the non-interested shareholders from 71.05% to 27.70% upon the Proposed Rights Issue under Minimum Scenario;
- (ii) transfer of value in the form of the Rights Shares at a discount of RM0.0162, or representing 22.75% to the TERP of ASB Shares based on five (5)-day VWAMP up to and including the LPD and at a significant discount of 88.70% to the audited consolidated NA per ASB Share as at 31 December 2021 of RM0.49 per ASB Share to the participating shareholders in the Proposed Right Issue based on the Indicative Issue Price; and
- (iii) transfer of value in the form of the Rights Shares at a discount of RM0.0178, or representing 26.25% to the TERP of ASB Shares based on five (5)-day VWAMP up to and including the LPD and at a significant discount of 89.72% to the audited consolidated NA per ASB Share as at 31 December 2021 of RM0.49 per ASB Share to the participating shareholders in the Proposed Right Issue based on the Minimum Issue Price.

Should you decide not to subscribe for your rights' entitlements under the Proposed Rights Issue, your percentage of shareholding in ASB will be diluted accordingly. Under Minimum Scenario, the total shareholdings of non-interested shareholders of ASB would dilute from approximately 71.05% as at the LPD to approximately 27.70% after the completion of the Proposed Rights Issue.

Pursuant to DASB's Undertaking, the public shareholding spread of ASB will reduce from approximately 69.71% to 27.17% as at the LPD under Minimum Scenario. The reduced public shareholding spread of ASB may impede the trading liquidity of the ASB Shares i.e. there may be reduced trading activities for the ASB Shares as less ASB Shares are in the hands of public shareholders.

We have assessed and evaluated the Proposed Exemption on a holistic basis, taking into consideration the various factors set out in this IAL. In arriving at our conclusion and recommendation on the Proposed Exemption, we have also taken into consideration various factors discussed in this IAL, the advantages and disadvantages of the Proposals, if granted by the non-interested shareholders of ASB, and if the Proposed Exemption is approved by the SC, are summarised as follows:

Potential Advantages	Potential Disadvantages
<p>(i) The Proposed Rights Issue and Proposed Exemption are inter-conditional. Voting in favour of the Proposed Exemption facilitates the implementation of the Proposed Rights Issue to meet the minimum funding requirements, thereby enabling the Company to raise funds to invest in existing businesses and/or future business expansion and/or new strategic investment and for working capital requirements. As such, the Proposed Rights Issue provides the Entitled Shareholders an opportunity to further increase their equity participation in the Group's future growth and prospects on a pro-rata basis and without diluting the shareholders' percentage of shareholding in ASB.</p>	<p>(i) There would be a dilution in the pro forma NA per Share from RM0.49 to RM0.22 (Minimum Scenario) and RM0.20 (Maximum Scenario) due to the increase in the number of ASB Shares to be issued pursuant to the Proposed Rights Issue.</p> <p>(ii) The Proposed Exemption will allow an increase in the shareholding of DASB in ASB to above 33% of the enlarged issued share capital of ASB, from 8.27% as at the LPD to a maximum of 64.24% while the collective shareholdings of DASB and parties which are subject to his statutory control, i.e. SDSB and BESB will increase from 23.28% to 70.09% of the</p>

Potential Advantages	Potential Disadvantages
<p>The funds raised includes the cost and expenses in relation to the development of New Payment Application Services, the establishment cost for Sea Camp Resort in Holiday Villa Beach Resort & Spa Cherating located in Cherating, Pahang, and/or refurbishment and renovation of hospitality properties, the development cost for Phase 2, Federal Park project and Sejijak project located in Kuching, Sarawak and expenses in relation to bus body fabrication. Further, ASB would be able to finance/part-finance any acquisitions, collaborative arrangements, and/or investment in business and/or assets that are similar or complementary to the Group's existing businesses, which in turn may potentially enhance the future growth prospects of the Group.</p> <p>(ii) The financial support from DASB via the Undertaking pursuant to the Proposed Rights Issue demonstrates his interest, commitment and confidence in ASB. Moreover, such support provides certainty to ASB in raising the requisite funds under the Minimum Scenario.</p> <p>(iii) Pursuant to the Proposed Rights Issue, the WACC of the Group will increase from 7.39% as at the LPD to 9.02% (under Maximum Scenario) arising from the increase in equity financing based on Equity Scenario as compared to Debt Scenario.</p> <p>Assuming without the implementation of the Proposed Rights Issue and that the Group's investment in existing businesses and/or future business expansion/new strategic investment are financed via bank borrowings, the WACC of the Group will decrease from 7.39% to 5.94%.</p> <p>Nevertheless, this will be outweighed by the benefits of equity financing, whereby the Group would have to incur additional interest expense from the additional bank borrowings and result in a higher cash outflow which would potentially reduce the Group's earnings. It is pertinent to note that the additional bank borrowings of RM102.21 million (under Maximum Scenario) would result in an increase in gearing ratio from 0.20 times to 0.40 times in the event of Debt Scenario.</p>	<p>total enlarged issued shares of ASB upon completion of the Proposed Rights Issue under the Minimum Scenario without being required to undertake the Mandatory Offer.</p> <p>In addition, based on the Minimum Scenario and pursuant to the Undertaking, the collective shareholdings of DASB and his PACs in ASB will increase from 28.96% to 72.31%. Any further increase in DASB's shareholding in ASB will not trigger an obligation to undertake a Mandatory Offer.</p> <p>Should the collective shareholding of DASB and his PACs increase to more than 50% after the Proposed Rights Issue, any further increase in the collective shareholding would not trigger an obligation to undertake a Mandatory Offer.</p> <p>Accordingly, DASB and his PACs may obtain further control over ASB without a premium being paid to the non-interested shareholders of ASB in view that the Indicative Issue Price is assumed to be issued a discount of 22.75% to the TERP of ASB Shares based on five (5)-day VWAMP up to and including the LPD and that the discount may extend up to 30% as per the Board's intention and a steep discount of 88.70% to the audited consolidated NA as at 31 December 2021 of RM0.49 per ASB Share.</p> <p>Further, at the Minimum Issue Price, the Rights Shares are issued at a discount of 26.25% to the TERP of ASB Shares based on five (5)-day VWAMP up to and including the LPD, DASB and his PACs may obtain further control over ASB without a premium being paid to the non-interested shareholders of ASB, which represents steeper discounts of 89.72% to the audited consolidated NA as at 31 December 2021 of RM0.49 per ASB Share.</p> <p>As such, DASB and PACs will be gaining control of ASB at a discount and without a premium being paid to the non-interested shareholders.</p>

Potential Advantages	Potential Disadvantages
	<p>Unless DASB and his PACs are required to abstain from voting, with a shareholding of more than 50%, DASB and his PACs will have statutory control over ASB and as such, will be able to determine the outcome of ordinary resolutions which require a simple majority of 50% plus 1 share. Further, unless DASB and his PACs are required to abstain from voting, DASB and his PACs are likely to significantly influence the outcome of the special resolutions which will require a special majority of at least 75% at general meetings.</p>

Premised on the factors discussed above and our evaluation of the Proposed Exemption based on the information available to us, we are of the view that the Proposed Exemption is **FAIR AND REASONABLE**.

Accordingly, we recommend that the non-interested shareholders of ASB **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Exemption to be tabled at the forthcoming EGM.

NON-INTERESTED SHAREHOLDERS OF ASB ARE ADVISED TO CAREFULLY CONSIDER THE INFORMATION AND RECOMMENDATION CONTAINED IN THIS IAL TOGETHER WITH THE LETTER TO SHAREHOLDERS IN PART A OF THE CIRCULAR AND THE ACCOMPANYING ATTACHMENTS, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH THE LETTERS BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

Yours faithfully
For and on behalf of
Alliance Islamic Bank Berhad

TEE KOK WAH
Head / Senior Vice President
Corporate Finance – Islamic Capital Markets

STEWART LAU TENG HUA
Senior Vice President
Corporate Finance – Islamic Capital Markets

ATTACHMENT I – INFORMATION ON ASB

1. HISTORY AND PRINCIPAL ACTIVITIES

ASB was incorporated in Malaysia on 5 June 1920 as a public limited company under the name of Batu Lintang Rubber Company Limited (“BLR”). On 22 March 1961, BLR was listed on the Main Board of Malayan Stock Exchange (now known as the Main Market of Bursa Securities). On 14 May 1992, BLR changed its name to Advance Synergy Berhad.

The principal activities of ASB are that of investment holding and the provision of full corporate and financial support to its subsidiaries.

Further details on the principal activities of the subsidiary companies of ASB are set out in Section 5, Attachment I of this IAL.

2. SHARE CAPITAL

2.1 Issued share capital

As at the LPD, the issued share capital of ASB are set out below:

	No. of Shares	RM
Issued share capital	929,194,943	381,376,645

As at the LPD, there is only 1 class of shares in ASB, i.e. the ASB Shares. All ASB shares rank equally in terms of voting rights and entitlements to any dividends, rights, allotments and/or distributions (including any capital distributions) which may be declared, made or paid to shareholders.

2.2 Changes in the issued share capital

As at the LPD, there is no change in the issued share capital of ASB since the end of the FYE 2021.

2.3 Convertible security

As at the LPD, ASB does not have any convertible security.

3. SUBSTANTIAL SHAREHOLDER

As at the LPD, the substantial shareholders of ASB and their respective shareholding in ASB are set out below:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
DASB	76,810,009	8.27	139,391,853 ⁽²⁾	15.01
SDSB	80,799,926	8.70	-	-
BESB	58,591,927	6.31	-	-

Notes:

⁽¹⁾ Based on the total issued Shares of 929,194,943.

⁽²⁾ Deemed interested by virtue of his interest in SDSB and BESB pursuant to Section 8 of the Act.

ATTACHMENT I – INFORMATION ON ASB (CONT'D)
4. DIRECTORS

As at the LPD, the Directors of ASB and their respective shareholding in ASB are set out below:

Name	Nationality	Designation	Address	<-----Direct----->		<-----Indirect----->	
				No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
DASB	Malaysian	Group Chair, Non-Independent Non-Executive Director	60, Jalan Athinahappan 2, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.	76,810,009	8.27	139,391,853 ⁽²⁾	15.01
Aryati Sasya	Malaysian	Non-Independent Non-Executive Director	60, Jalan Athinahappan 2, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.	22,308,000	2.40	-	-
Anton Syazi	Malaysian	Group Executive Deputy Chair	60, Jalan Athinahappan 2, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.	-	-	30,467,000 ⁽³⁾	3.28
Lee Su Nie	Malaysian	Group Managing Director	2A, Jalan SS3/4, 47300 Petaling Jaya, Selangor, Malaysia.	-	-	365,000 ⁽⁴⁾	0.04
Puan Sri Datin Masri Khaw Abdullah	Malaysian	Non-Independent Non-Executive Director	3, Jalan 4/1, Taman Tun Abdul Razak, 68000 Ampang, Selangor, Malaysia.	-	-	12,000,000 ⁽⁵⁾	1.29
Yong Teck Ming	Malaysian	Independent Non-Executive Director	40, Jalan 11/10, Seksyen 11, 46200 Petaling Jaya, Selangor, Malaysia.	-	-	-	-
Rali Mohd Nor	Malaysian	Independent Non-Executive Director	22, Jalan Putra Murni 3/3, Putra Heights, 47650 Subang Jaya, Selangor, Malaysia.	-	-	-	-

ATTACHMENT I – INFORMATION ON ASB (CONT'D)

Name	Nationality	Designation	Address	<-----Direct----->		<-----Indirect----->	
				No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Kam Kin Foong	Malaysian	Independent Non-Executive Director	34, Jalan BU 1/13, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia.	-	-	-	-

Notes:

- (1) Based on the total issued share capital of 929,194,943 as at the LPD.
(2) Deemed interested by virtue of his interest in SDSB and BESB pursuant to Section 8 of the Act.
(3) Deemed interested by virtue of his interest in ERSB pursuant to Section 8 of the Act.
(4) Deemed interested by virtue of the shareholdings of her spouse in the Company.
(5) Deemed interested by virtue of her interest in ASH Holdings Sdn Bhd pursuant to Section 8 of the Act.

5. SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, the subsidiary companies of ASB are set out below:

Name of Company	Place of Incorporation	Effective Interest (%)	Principal Activities
Subsidiaries of ASB			
Advance Synergy Capital Sdn. Bhd.	Malaysia	100.00	Investment holding and provision of management services
Advance Synergy Properties Sdn. Bhd.	Malaysia	100.00	Investment holding
Advance Synergy Realty Sdn. Bhd.	Malaysia	100.00	Property development and investment
Alam Samudera Corporation Sdn. Bhd.	Malaysia	100.00	Investment holding
Alangka-Suka Hotels & Resorts Sdn. Bhd.	Malaysia	100.00	Investment holding
Ausborn Sawmill Sdn. Bhd.	Malaysia	100.00	Inactive
Calmford Incorporated	British Virgin Islands	100.00	Investment holding
Datakey Sdn. Bhd.	Malaysia	100.00	To carry out computer facilities management activities, computer consultancy and other management consultancy activities
Diversified Gain Sdn. Bhd.	Malaysia	100.00	Investment holding
Excellent Arch Sdn. Bhd.	Malaysia	100.00	Investment holding
Excellent Display Sdn. Bhd.	Malaysia	100.00	Property investment, management and rental of properties
iSynergy Sdn. Bhd.	Malaysia	100.00	Inactive
Nagapura Management Corporation Sdn. Bhd.	Malaysia	100.00	Investment holding
Sadong Development Sdn. Bhd.	Malaysia	100.00	Property development
Segi Koleksi Sdn. Bhd.	Malaysia	70.00	Investment holding
Strategic Research & Consultancy Sdn. Bhd.	Malaysia	100.00	Investment holding
Synergy Gold Incorporated	British Virgin Islands	100.00	Inactive

ATTACHMENT I – INFORMATION ON ASB (CONT'D)

Name of Company	Place of Incorporation	Effective Interest (%)	Principal Activities
Synergy Petroleum Incorporated	British Virgin Islands	100.00	Investment holding
Worldwide Matrix Sdn. Bhd.	Malaysia	100.00	Investment holding
Subsidiaries of Advance Synergy Capital Sdn. Bhd.			
AESBI Power Systems Sdn. Bhd.	Malaysia	100.00	Property investment and management services
ASC Credit Sdn. Bhd.	Malaysia	100.00	Provision of credit and leasing
ASC Equities Sdn. Bhd.	Malaysia	100.00	Investment holding and venture capital business
Paydee Sdn. Bhd.	Malaysia	100.00	Provision of payment card issuing and acquiring services
Aviva Master Coach Technology Sdn. Bhd.	Malaysia	71.00	Designing, building and fabrication of coaches
Triton-K Sdn. Bhd.	Malaysia	100.00	Provision of management services
Subsidiary of Aviva Master Coach Technology Sdn. Bhd.			
Quality Bus & Coach Pty. Ltd.	Australia	71.00	Designing, building and fabrication of coaches and coach certification and testing
Subsidiary of Quality Bus & Coach Pty. Ltd.			
Autobus Australia Pty. Ltd.	Australia	71.00	Designing, building and fabrication of coaches and coach certification and testing
Subsidiaries of Alangka-Suka Hotels & Resorts Sdn. Bhd.			
Alangka-Suka International Limited	British Virgin Islands	100.00	Investment holding
Alor Setar Holiday Villa Sdn. Bhd.	Malaysia	100.00	Inactive
Antara Holiday Villas Sdn. Bhd.	Malaysia	100.00	Hotel management services
Asbina Hotel & Property Sdn. Bhd.	Malaysia	100.00	Inactive
Cherating Holiday Villa Berhad	Malaysia	100.00	Operates Holiday Villa Beach Resort & Spa Cherating
Grand Hotel Sudan Limited	British Virgin Islands	100.00	Inactive
Holiday Villa Assets Sdn. Bhd.	Malaysia	100.00	Investment holding
Holiday Villa Travel & Tours Sdn. Bhd.	Malaysia	100.00	Hiring of limousines
Holiday Villas International Limited	British Virgin Islands	100.00	Investment holding
Langkawi Holiday Villa Sdn. Bhd.	Malaysia	100.00	Operates Holiday Villa Beach Resort & Spa Langkawi
Mayor Hotels Sdn. Bhd.	Malaysia	100.00	Inactive
Super Leisure Sdn. Bhd.	Malaysia	100.00	Investment holding
Subsidiaries of Alangka-Suka International Limited			
Asbina Shenzhen Limited	British Virgin Islands	90.00	Dormant
Holiday Villa Makkah Limited	British Virgin Islands	100.00	Inactive
Interwell Management Limited	England and Wales	100.00	Dormant
Larkwood Assets Limited	British Virgin Islands	100.00	Investment holding

ATTACHMENT I – INFORMATION ON ASB (CONT'D)

Name of Company	Place of Incorporation	Effective Interest (%)	Principal Activities
P.T. Diwangkara Holiday Villa Bali	Republic of Indonesia	94.81	Hotel management services
Subsidiary of Asbina Hotel & Property Sdn. Bhd.			
Asbina Hotel & Property (Cambodia) Pte. Ltd.	Kingdom of Cambodia	100.00	Inactive
Subsidiary of Holiday Villa Assets Sdn. Bhd.			
Posthotel Arosa AG	Switzerland	65.00	Investment holding
Subsidiary of Posthotel Arosa AG			
57-59 Philbeach Gardens Limited	England and Wales	65.00	Investment holding
Subsidiary of 57-59 Philbeach Gardens Limited			
Beaver Hotels Limited	England and Wales	65.00	Inactive
Subsidiaries of Holiday Villas International Limited			
Holiday Villa China International Limited	British Virgin Islands	100.00	Investment holding
Holiday Villa Middle East Limited	British Virgin Islands	100.00	Inactive
Holiday Villa (UK) Ltd.	England and Wales	100.00	Inactive
Subsidiaries of Holiday Villa China International Limited			
Changshu Holiday Villa Hotel Management Co. Ltd.	People's Republic of China	100.00	Hotel management services
Holiday Villa Hong Kong Company Limited	Hong Kong	100.00	Investment holding
Subsidiary of Holiday Villa Hong Kong Company Limited			
上海豪立纬酒店有限公司 (Shanghai Holiday Villa Hotel Co. Ltd.)	People's Republic of China	100.00	Operates Holiday Villa Hotel & Residence Shanghai Jiading P.R.C.
Subsidiary of Advance Synergy Properties Sdn. Bhd.			
Synergy Realty Incorporated	British Virgin Islands	100.00	Investment holding
Subsidiary of Segi Koleksi Sdn. Bhd.			
Metroprime Corporation Sdn. Bhd.	Malaysia	70.00	Managing and operating The Language House and provision of educational products and services
Subsidiary of Synergy Realty Incorporated			
Builderworks Pty. Ltd.	Australia	100.00	Deregistered on 5 March 2022
Subsidiary of Calmford Incorporated			
Home Cinema Studio Pty. Ltd.	Australia	100.00	Deregistered on 1 June 2022
Subsidiary of Alam Samudera Corporation Sdn. Bhd.			
Synergy Tours (Borneo) Sdn. Bhd.	Malaysia	100.00	Tour operator
Subsidiary of Diversified Gain Sdn. Bhd.			
Orient Escape Travel Sdn. Bhd.	Malaysia	100.00	Travel and tour agent and the provision of travel related services
Subsidiaries of Orient Escape Travel Sdn. Bhd.			
Motorsports Adventure Sdn. Bhd.	Malaysia	100.00	Inactive

ATTACHMENT I – INFORMATION ON ASB (CONT'D)

Name of Company	Place of Incorporation	Effective Interest (%)	Principal Activities
Qurex Sdn. Bhd.	Malaysia	100.00	Money services business
Orient Escape Travel (Penang) Sdn. Bhd.	Malaysia	100.00	Inactive
Synergy Tours Sdn. Bhd.	Malaysia	100.00	Tour operator
Subsidiary of Excellent Arch Sdn. Bhd.			
Advance Synergy Furniture Sdn. Bhd.	Malaysia	100.00	In liquidation
Subsidiary of Excellent Display Sdn. Bhd.			
Dama TCM Sdn. Bhd.	Malaysia	100.00	Inactive
Subsidiary of Dama TCM Sdn. Bhd.			
Medical Palace Sdn. Bhd.	Malaysia	100.00	Dormant
Subsidiaries of Nagapura Management Corporation Sdn. Bhd.			
Acrylic Synergy Sdn. Bhd.	Malaysia	81.00	Inactive
Syarikat Fit and Weld Engineering (M) Sdn. Bhd.	Malaysia	70.00	In liquidation
Xgo Teknik Sdn. Bhd.	Malaysia	100.00	Provision of management services
Subsidiaries of Advance Synergy Realty Sdn. Bhd.			
Harta Sinergi Sdn. Bhd.	Malaysia	100.00	Investment holding
Osteria Gamberoni Sdn. Bhd.	Malaysia	70.00	Operates and manages food and beverage business and its related business
Primo Espresso Sdn. Bhd.	Malaysia	70.00	Operates and manages food and beverage business and its related business
Temasya House Sdn. Bhd.	Malaysia	70.00	Property management and rental of property and related services
Yap Ah Shak House Sdn. Bhd.	Malaysia	70.00	Operation and management of serviced office, property management and rental of property and other related business/services
Jiwa Baru Sdn. Bhd.	Malaysia	60.00	Property investment, management and rental of properties and investment holding
Subsidiary of Sadong Development Sdn. Bhd.			
Hotel Golden Dragon Sdn. Bhd.	Malaysia	95.00	Inactive
Subsidiary of Hotel Golden Dragon Sdn. Bhd.			
Simpang Tiga Realty Sdn. Bhd.	Malaysia	95.00	Inactive
Subsidiary of Worldwide Matrix Sdn. Bhd.			
Captii Limited	Singapore	58.30	Investment holding and the provision of management services
Subsidiaries of Captii Limited			
Captii Ventures Pte. Ltd.	Singapore	58.30	Undertake investment in technology companies
Postpay Asia Sdn. Bhd.	Malaysia	58.30	Investment holding
Unified Assets Sdn. Bhd.	Malaysia	58.30	Investment holding
Unified Communications (OHQ) Sdn. Bhd.	Malaysia	58.30	Provision of management and operational headquarters ("OHQ") services to its related corporations
Unified Communications (OSS) Sdn. Bhd.	Malaysia	58.30	Investment holding

ATTACHMENT I – INFORMATION ON ASB (CONT'D)

Name of Company	Place of Incorporation	Effective Interest (%)	Principal Activities
Unified Communications Pte. Ltd.	Singapore	58.30	Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry
Unified Communications Sdn. Bhd.	Malaysia	58.30	Research and development, software engineering, system integration, project management, and maintenance and support services for the telecommunications industry
Subsidiary of Captii Ventures Pte. Ltd.			
OOPA Pte. Ltd.	Singapore	37.64	Investment holding
Subsidiary of Unified Communications (OSS) Sdn. Bhd.			
GlobeOSS Sdn. Bhd.	Malaysia	29.73	Provision of global roaming quality of service management solutions
Subsidiary of GlobeOSS Sdn. Bhd.			
GlobeOSS Pte. Ltd.	Singapore	29.73	Provision of global roaming quality of service management solutions
Subsidiary of GlobeOSS Pte. Ltd.			
GlobeOSS (Brunei) Sdn. Bhd.	Brunei Darussalam	29.73	Provision of global roaming quality of service management solutions
Subsidiaries of Unified Communications Pte. Ltd.			
Adzentrum Sdn. Bhd.	Malaysia	58.30	Dormant
Unified Communications (Private) Limited	Pakistan	58.30	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises
Subsidiaries of Unified Communications Sdn. Bhd.			
Ahead Mobile Sdn. Bhd.	Malaysia	58.30	Software engineering, system integration, project management, and maintenance and support services for the telecommunications industry
Unified Communications (Tech) Pte. Ltd.	Singapore	58.30	Distribution of information technology and telecommunications products
Subsidiaries of Postpay Asia Sdn. Bhd.			
Postpay Sdn. Bhd.	Malaysia	58.30	Providing money lending services, credit profiling, pay-later solutions, and/or other incidental/relevant businesses to any telecommunications operators, service providers, enterprises, or entities of any descriptions
Postpay Technology Sdn. Bhd.	Malaysia	58.30	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises

ATTACHMENT I – INFORMATION ON ASB (CONT'D)

As at LPD, the associate companies of ASB are set out below:

Name of Company	Place of Incorporation	Effective Interest (%)	Principal Activities
Associates of ASB			
Associate of Advance Synergy Capital Sdn. Bhd.			
SIBB Berhad	Malaysia	20.00	Investment dealings
Associate of Langkawi Holiday Villa Sdn. Bhd.			
M OOD Perfumes Sdn. Bhd.	Malaysia	30.00	Inactive
Associate of Super Leisure Sdn. Bhd.			
Smile Integrated Solution Sdn. Bhd.	Malaysia	49.00	Sells and maintains hotel property management system software
Associates of Synergy Tours Sdn. Bhd.			
P.T. Panorama Synergy Indonesia	Republic of Indonesia	49.00	Inactive
Synergy Holidays Company Limited	Republic of The Union of Myanmar	50.00	Liquidated on 3 March 2021
Associate of Strategic Research & Consultancy Sdn. Bhd.			
Kopistop Sdn. Bhd.	Malaysia	40.00	Investment holding and the business of food and beverage

As at LPD, the joint venture of ASB is set out below:

Name of Company	Place of Incorporation	Effective Interest (%)	Principal Activities
Joint Venture of ASB			
Joint Venture of Unified Communications Pte. Ltd.			
Unified Telcom Private Limited	India	29.15	Provision of telecommunications products, services and customised solutions

6. PROFIT AND DIVIDEND RECORD

A summary of the Group's result based on the audited consolidated financial statements for the FYEs 2019, 2020 and 2021 are set out below:

	<-----Audited FYE ----->		
	2019 RM'000	(Restated) 2020 RM'000	2021 RM'000
Revenue	275,517	117,240	116,285
PBT / (LBT)	95,614	(22,536)	2,077
PAT / (LAT) attributable to owners of the Company	74,944	(30,628)	(11,269)
Weighted average no. of ASB Shares outstanding	929,194,943	929,194,943	929,194,943
Basic EPS / (LPS) per ASB Share (sen)	8.07	(3.30)	(1.21)
Dividend paid per share (sen)	0.25	0.35	0.15

ATTACHMENT I – INFORMATION ON ASB (CONT'D)

For the audited financial statements for the FYE 2019 to FYE 2021, there was no item, transaction or event of a material and unusual nature that has arisen in the periods under review.

7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of ASB Group based on its audited consolidated financial statements for the FYEs 2019, 2020 and 2021 are set out below:

	<-----Audited FYE ----->		
	2019	(Restated) 2020	2021
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	179,132	199,018	243,305
Right-of-use assets	47,329	47,153	41,416
Investment properties	54,572	44,935	18,630
Intangible assets	93,724	92,684	89,949
Investment in associates	12,971	12,757	3,858
Investment in a joint venture	-	-	-
Investment securities	55,789	57,797	106,306
Deferred tax assets	5,864	4,841	5,189
Inventories	-	4,632	4,634
Total non-current assets	449,381	463,817	513,287
Current assets			
Inventories	51,089	40,593	37,295
Trade and other receivables	102,461	59,207	78,912
Other assets	16,702	18,244	10,298
Current tax assets	3,721	2,401	2,662
Investment securities	1,400	5,162	4,189
Financial assets held for trading	462	8	-
Cash and bank balances and short term deposits	127,820	121,017	126,693
Total current assets	303,655	246,632	260,049
TOTAL ASSETS	753,036	710,449	773,336
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	381,377	381,377	381,377
Other reserves	19,941	24,843	28,346
Retained earnings	80,378	46,498	43,626
Shareholders' funds	481,696	452,718	453,349
Non-controlling interests	69,072	70,266	83,837
Total equity	550,768	522,984	537,186
Non-current liabilities			
Borrowings	38,614	38,347	61,631
Lease liabilities	48,847	50,506	45,069
Deferred tax liabilities	5,146	4,017	4,358
Provision for retirement benefit obligations	1,923	1,386	1,413
Trade and other payables	9,753	9,294	8,945
Total non-current liabilities	104,283	103,550	121,416
Current liabilities			
Borrowings	10,163	19,111	43,719
Lease liabilities	8,090	6,339	7,058

ATTACHMENT I – INFORMATION ON ASB (CONT'D)

	<-----Audited FYE ----->		
	2019 RM'000	(Restated) 2020 RM'000	2021 RM'000
Current tax liabilities	5,545	5,013	1,697
Trade and other payables	67,461	48,918	58,230
Other liabilities	6,726	4,534	4,030
Total current liabilities	97,985	83,915	114,734
Total liabilities	202,268	187,465	236,150
TOTAL EQUITY AND LIABILITIES	753,036	710,449	773,336

As at the LPD, there is no known material change in the financial position or prospects of ASB Group subsequent to the FYE 2021.

Save as disclosed in announcements made by ASB on Bursa Securities (including quarterly results of ASB), within the knowledge of ASB, there has been no material change in the financial position or prospects of ASB since 31 December 2021, being the date of the latest audited consolidated financial statements of ASB Group laid before the shareholders of ASB's at its general meeting held on 30 June 2021.

8. ACCOUNTING POLICIES

The audited consolidated financial statements of ASB for the past 3 financial years up to the FYE 2021 have been prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act in Malaysia and that there was no audit qualification for ASB's financial statements for the respective years under review.

Save for adoption of MFRS 16 (Leases) in the FYE 2019, there is no change in the accounting standards adopted by ASB which would result in a material variation to the comparable figures for the audited consolidated financial statements of ASB for the past 3 financial years up to the FYE 2021.

9. BORROWINGS, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2022, the Group has a total outstanding borrowings of approximately RM108.82 million, all of which are interest-bearing as set out below:

	RM'000
Non-current	
Term loan	66,200
Total non-current borrowings	66,200
Current	
Term loan	4,017
Revolving credit	38,600
Total current borrowings	42,617
Total	108,817

As at the LPD, save as disclosed below, the Board is not aware of any other material commitments and contingent liabilities incurred or known to be incurred by the ASB Group which, upon becoming due and enforceable, may have a material and adverse impact on the financial results/position of the ASB Group.

	RM'000
Contracted but not provided for	
Property, plant and equipment	26,659

10. MATERIAL LITIGATION

As at the LPD, ASB Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and after having made all reasonable enquiries, the Board is not aware of any such proceedings pending or threatened against the Group, or any facts likely to give rise to any proceedings, which may materially or adversely affect the financial position or business of the Group.

11. MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years preceding 11 March 2022, being the date of announcement pertaining to the Proposals:

11.1 On 25 January 2022, Jiwa Baru Sdn Bhd, an indirect subsidiary of the Company, has entered into a sale and purchase agreement ("**SPA**") with Poly Electronic & Electrical (M) Sdn Bhd ("**PEESB**") to purchase from PEESB a single storey warehouse with a 3-storey office located at Lot 849, Jalan Subang 7, Taman Industri Sg. Penaga, 47620 Petaling Jaya for a total cash consideration of RM 31,720,000 subject to the terms and conditions as stipulated in the SPA ("**Acquisition of Warehouse**"). The Acquisition of Warehouse was completed on 24 June 2022.

11.2 On 7 May 2021, the below-mentioned direct or indirect subsidiaries of Alangka-Suka Hotels & Resorts Sdn Bhd ("**ASHR**"), a wholly-owned subsidiary of the Company, have on 7 May 2021 entered into the following agreements with Holiday Villa Hotels and Resorts Sdn Bhd ("**HVHR**") and/or Holiday Villas Hotels and Resorts Limited ("**HVHRL**") for disposal of management services agreements, licensing agreements and trademarks of ASHR Group ("**Proposed Disposal**") on "willing-buyer willing-seller" basis:

Antara Holiday Villas Sdn Bhd, Holiday Villas International Limited and Holiday Villa Middle East Limited each entered into an agreement relating to the transfer of their respective contracts and/or trademarks and Cherating Holiday Villa Berhad ("**CHV**") entered into an agreement relating to the transfer of its trademarks, with HVHR or HVHRL (collectively referred to as "**Agreements**") for total cash consideration of RM7.0 million only, subject to the terms and conditions as stipulated in the Agreements. The Proposed Disposal has been completed on 3 December 2021.

11.3 On 6 November 2020, Mayor Hotels Sdn Bhd ("**MHSB**"), an indirect wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement ("**SPA**") for M1 Plaza Sdn Bhd to purchase from MHSB the hotel property known as City Villa Kuala Lumpur located at No. 69, Jalan Haji Hussein, Off Jalan Tuanku Abdul Rahman, 50300 Kuala Lumpur on "as is where is" basis for a total cash consideration of RM24,000,000 subject to the terms and conditions as stipulated in the SPA ("**Proposed City Villa Disposal**"). Barring any unforeseen circumstances, the Proposed City Villa Disposal is expected to be completed in the fourth quarter of 2024.

11.4 On 9 July 2020, Posthotel Arosa AG ("**Posthotel**"), an indirect 65% owned subsidiary of the Company, entered into a purchase right agreement ("**Agreement**") with Postresidenz am See AG for the proposed disposal of all that piece of freehold land located at Oberseepromenade, Postfach 289, CH 7050 Arosa, Switzerland on "as is where is" basis for a cash consideration of CHF5.95 million (equivalent to RM26.768million) only subject to the terms and conditions as stipulated in the Agreement ("**Arosa Land Disposal**"). Posthotel had on 4 December 2020 informed the Company that the Arosa Land Disposal was completed.

ATTACHMENT I – INFORMATION ON ASB (CONT'D)

12. HISTORICAL PRICES

The highest and lowest closing market prices and the closing price at the end of each month of the ASB Shares for the period commencing from April 2021 (being 12 months before the announcement of the Proposals on 11 March 2022) up to the LPD are set out below:

	Highest (RM)	Lowest (RM)	Closing market price as at the last Market Day of the month (RM)
<u>2021</u>			
April	0.170	0.150	0.160
May	0.160	0.135	0.145
June	0.170	0.140	0.155
July	0.185	0.145	0.165
August	0.230	0.140	0.145
September	0.150	0.135	0.140
October	0.140	0.130	0.140
November	0.140	0.100	0.110
December	0.110	0.100	0.110
<u>2022</u>			
January	0.125	0.105	0.115
February	0.125	0.100	0.115
March	0.115	0.090	0.100
April	0.115	0.095	0.110
May	0.115	0.110	0.100
Last transacted market price on 10 March 2022 (being the last Market Day preceding the announcement of the Proposals)			0.115
Last transacted market price as at the LPD			0.105
Closing market price from December 2021 up to the LPD:			
- Highest on Specified Dates *			0.120
- Lowest on 17 March 2022			0.090

(Source: Bloomberg)

Note:

* Dates with closing market price of RM0.120 are 3 February 2022 to 11 February 2022, 15 February 2022, 16 February 2022 and 18 February 2022.

ATTACHMENT II – INFORMATION ON DASB

Name	Age	Nationality	Nature of relationships
DASB	74	Malaysian	<ul style="list-style-type: none">• Group Chair of ASB• Non-Independent Non-Executive Director of ASB• Major Shareholder of ASB• Director and Major Shareholder of SDSB• Director and Major Shareholder of BESB• Father of Aryati Sasya and Anton Syazi

ATTACHMENT III – INFORMATION ON PACS

1. ARYATI SASYA

Name	Age	Nationality	Nature of relationships
Aryati Sasya	47	Malaysian	<ul style="list-style-type: none">• Non-Independent Non-Executive Director of ASB• Shareholder of ASB• Director of ERSB• Daughter of DASB• Sister of Anton Syazi

2. ANTON SYAZI

Name	Age	Nationality	• Nature of relationships
Anton Syazi	44	Malaysian	<ul style="list-style-type: none">• Group Executive Deputy Chair of ASB• Director of SDSB• Director and shareholder of BESB• Director and Major Shareholder of ERSB• Son of DASB• Brother of Aryati Sasya

3. SDSB

3.1 HISTORY AND PRINCIPAL ACTIVITIES

SDSB was incorporated in Malaysia on 24 May 1990 as a private limited company. The principal activities of SDSB is investment holding.

3.2 SHARE CAPITAL

As at the LPD, the issued share capital of SDSB is set out below:

	No. of Shares	RM
Issued share capital	2,000,000	2,000,000

As at the LPD, SDSB does not have any convertible securities.

3.3 SUBSTANTIAL SHAREHOLDER

As at the LPD, the substantial shareholders of SDSB and their respective shareholdings in SDSB are set out below:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
DASB	1,740,000	87	-	-
Azran bin Haji Abdul Rahman	260,000	13	-	-

Note:

(1) Based on the total issued shares of 2,000,000 as at the LPD.

ATTACHMENT III – INFORMATION ON PACS (CONT'D)

3.4 DIRECTORS

As at the LPD, the Directors of SDSB and their respective shareholding in SDSB are set out below:

Name	Nationality	Designation	Address	<-----Direct----->		<-----Indirect----->	
				No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
DASB	Malaysian	Company Director	60, Jalan Athinahappan 2, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.	1,740,000	87	-	-
Anton Syazi	Malaysian	Company Director	60, Jalan Athinahappan 2, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.	-	-	-	-

Note:

(1) Based on the total issued shares of 2,000,000 as at the LPD.

3.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, SDSB does not have any subsidiary, associate companies and joint ventures.

ATTACHMENT III – INFORMATION ON PACS (CONT'D)

4. BESB**4.1 HISTORY AND PRINCIPAL ACTIVITIES**

BESB was incorporated in Malaysia on 16 February 1993 as a private limited company. The principal activities of BESB is investment holding.

4.2 SHARE CAPITAL

As at the LPD, the issued share capital of BESB is set out below:

	No. of Shares	RM
Issued share capital	10	10

As at the LPD, BESB does not have any convertible securities.

4.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of BESB and their respective shareholdings in BESB are set out below:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%⁽¹⁾	No. of Shares	%⁽¹⁾
DASB	9	90	-	-
Anton Syazi	1	10	-	-

Note:

(1) Based on the total issued shares of 10 as at the LPD.

4.4 DIRECTORS

As at the LPD, the Directors of BESB and their respective shareholding in BESB are set out below:

Name	Nationality	Designation	Address	<-----Direct----->		<-----Indirect----->	
				No. of Shares	%⁽¹⁾	No. of Shares	%⁽¹⁾
DASB	Malaysian	Company Director	60, Jalan Athinahappan 2, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.	9	90	-	-
Anton Syazi	Malaysian	Company Director	60, Jalan Athinahappan 2, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.	1	10	-	-

Note:

(1) Based on the total issued shares of 10 as at the LPD.

ATTACHMENT III – INFORMATION ON PACS (CONT'D)

4.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, BESB does not have any subsidiary, associate companies and joint ventures.

5. ERSB**5.1 HISTORY AND PRINCIPAL ACTIVITIES**

ERSB was incorporated in Malaysia on 8 September 1993 as a private limited company.

The principal activities of ERSB is investment holding.

5.2 SHARE CAPITAL

As at the LPD, the issued share capital of ERSB is set out below:

	No. of Shares	RM
Issued share capital	2	2

As at the LPD, ERSB does not have any convertible securities.

5.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of ERSB and their respective shareholdings in ERSB are set out below:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%⁽¹⁾	No. of Shares	%⁽¹⁾
Anton Syazi	1	50	-	-
Loo Pak Soon	1	50	-	-

Note:

Based on the total issued shares of 2 as at the LPD.

ATTACHMENT III – INFORMATION ON PACS (CONT'D)

5.4 DIRECTORS

As at the LPD, the Directors of ERSB and their respective shareholdings in ERSB are set out below:

Name	Nationality	Designation	Address	<-----Direct----->		<-----Indirect----->	
				No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Anton Syazi	Malaysian	Company Director	60, Jalan Athinahappan 2, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.	1	50	-	-
Aryati Sasya	Malaysian	Company Director	60, Jalan Athinahappan 2, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.	-	-	-	-

Note:

(1) Based on the total issued shares of 2 as at the LPD.

5.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, ERSB does not have any subsidiary, associate companies and joint ventures.

ATTACHMENT IV – FURTHER INFORMATION

1. DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES

As at the LPD, ASB has one (1) class of share in issue. The holders of ASB Shares are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ASB Share at general meetings of ASB.

1.1 By DASB and his PACs

1.1.1 Disclosure of interests in ASB

Save as disclosed below, as at the LPD, DASB and his PACs do not have any interest, whether direct or indirectly in any voting shares or convertible securities of ASB:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
DASB	76,810,009	8.27	139,391,853 ⁽²⁾	15.01
PACs:				
SDSB	80,799,926	8.70	-	-
BESB	58,591,927	6.31	-	-
Aryati Sasya	22,308,000	2.40	-	-
Anton Syazi	-	-	30,467,000 ⁽³⁾	3.28
ERSB	30,467,000	3.28	-	-

Notes:

(1) Based on the total issued share capital of 929,194,943 as at the LPD.

(2) Deemed interested by virtue of his interest in SDSB and BESB pursuant to Section 8 of the Act.

(3) Deemed interested by virtue of his interest in ERSB pursuant to Section 8 of the Act.

1.1.2 Dealings in the securities of ASB

DASB and his PACs have not dealt, directly or indirectly, in any voting shares or convertible securities of ASB during the period commencing six (6) months prior to the announcement of the Proposals on 11 March 2022 and up to the LPD.

1.2 By Directors of ASB

1.2.1 Disclosure of interests in ASB

Save as disclosed below, the Directors of ASB do not have any interest, whether direct or indirect, in any voting shares or convertible securities of ASB as at the LPD:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
DASB	76,810,009	8.27	139,391,853 ⁽²⁾	15.01
Aryati Sasya	22,308,000	2.40	-	-
Anton Syazi	-	-	30,467,000 ⁽³⁾	3.28
Lee Su Nie	-	-	365,000 ⁽⁴⁾	0.04
Puan Sri Datin Masri Khaw Abdullah	-	-	12,000,000 ⁽⁵⁾	1.29
Yong Teck Ming	-	-	-	-
Rali Mohd Nor	-	-	-	-
Kam Kin Foong	-	-	-	-

Notes:

- (1) *Based on the total issued share capital of 929,194,943 as at the LPD.*
- (2) *Deemed interested by virtue of his interest in SDSB and BESB pursuant to Section 8 of the Act.*
- (3) *Deemed interested by virtue of his interest in ERSB pursuant to Section 8 of the Act.*
- (4) *Deemed interested by virtue of the shareholdings of her spouse in the Company.*
- (5) *Deemed interested by virtue of her interest in ASH Holdings Sdn Bhd pursuant to Section 8 of the Act.*

1.2.2 Dealings in the securities of ASB

The Directors of ASB have not dealt, directly or indirectly, in any voting shares or convertible securities of ASB during the period commencing six (6) months prior to the announcement of the Proposals on 11 March 2022 and up to the LPD save for Puan Sri Datin Masri Khaw Abdullah who has acquired 500,000 ASB Shares on 14 December 2021 via open market transaction.

1.3 By the persons who have irrevocably committed themselves to vote in favour or against the Proposals

As at the LPD, there is no person who has irrevocably committed himself to vote in favour or against the Proposals.

1.4 By the persons with whom DASB and his PACs or any persons acting in concert with them has any arrangement

As at the LPD, there is no person with whom DASB and his PACs or any persons acting in concert with them has entered into any arrangement with any person, including any arrangement involving rights over ASB Shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to ASB Shares which may be an inducement to deal or to refrain from dealing.

1.5 By the persons with whom DASB and his PACs or any persons acting in concert with them has borrowed or lent

As at the LPD, there is no person with whom DASB and his PACs or any persons acting in concert with them has borrowed or lent any voting shares or convertible securities of ASB.

1.6 By ASB

ASB has not dealt, whether directly or indirectly, in any of its own voting shares or convertible securities during the period commencing 6 months prior to the announcement of the Proposals on 11 March 2022 and up to the LPD.

1.7 By the persons with whom ASB or any persons acting in concert with it has any arrangement

As at the LPD, there is no person with whom ASB or any persons acting in concert with it has entered into any arrangement, including any arrangement involving rights over ASB Shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to ASB Shares which may be an inducement to deal or to refrain from dealing.

1.8 By the persons with whom ASB or any persons acting in concert with it has borrowed or lent

As at the LPD, there is no person with whom ASB or any persons acting in concert with it has borrowed or lent any voting shares or convertible securities of ASB.

1.9 By AIS and Funds whose investments are managed by AIS on a discretionary basis (“Discretionary Funds”)**1.9.1 Disclosure of interests in ASB**

AIS and its Discretionary Funds do not have any interest, whether direct or indirect, in any voting shares or convertible securities of ASB as at the LPD.

1.9.2 Dealings in the securities of ASB

AIS and its Discretionary Funds have not dealt, whether directly or indirectly, in any voting shares or convertible securities of ASB during the period commencing six (6) months prior to the announcement of the Proposals on 11 March 2022 and up to the LPD.

2. ARRANGEMENT AFFECTING THE DIRECTORS

- 2.1 As at the LPD, no payment or other benefit will be made or given to any of the Directors as compensation for loss of office or otherwise in connection with the Proposals.
- 2.2 As at the LPD, there is no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Proposals or otherwise connected with the outcome of the Proposals.
- 2.3 As at the LPD, there is no agreement, arrangement or understanding existing between DASB and his PACs with any of the Directors or recent Directors, holders of voting shares or voting rights or recent holders of voting shares or voting rights of ASB having any connection with or dependence upon the Proposals.
- 2.4 As at the LPD, DASB and his PACs have not entered into any material contract in which any of the Directors has a material personal interest.

3. SERVICE CONTRACTS

As at the LPD, ASB does not have any service contracts with any of its Directors or proposed Directors, which have been entered into or amended within six (6) months prior to the announcement of the Proposals on 11 March 2022, or which are fixed term contracts with more than twelve (12) months to run.

For this purpose of this section, the term “service contracts” excludes those contracts expiring or determinable by the employing company without payment of compensation within twelve (12) months from the date of this IAL.

DRAFT BY-LAWS

BY-LAWS OF THE SHARE GRANT SCHEME**ADVANCE SYNERGY BERHAD****1. DEFINITIONS AND INTERPRETATION**

1.1 In these By-Laws, the following words and expressions shall bear the following meanings, unless the context otherwise requires:

“Act”	means the Companies Act 2016, as amended from time to time and any re-enactment thereof
“Adviser”	means a corporate finance adviser that may act as a principal adviser under the Chapter 7A of Licensing Handbook issued by SC
“Affected Employee”	shall have the meaning ascribed to it in By-Law 23.1
“Audit Committee”	shall have the same meaning ascribed to it in By-Law 6.2
“Auditors”	means the auditors of the Company, as appointed from time to time
“Board”	means the board of directors of the Company
“Bursa Depository”	means Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Securities”	means Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“By-Laws”	means collectively, the rules, terms, and conditions governing the Scheme as set forth in these By-Laws as amended, modified, and/or supplemented from time to time
“CDS”	means the Central Depository System
“CDS Account”	means the account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and for dealings in such securities by that depositor of securities
“Chief Executive”	The principal executive officers of a company for the time being, by whatever name called, and whether or not such person is a Director
“Company” or “Advance Synergy”	means Advance Synergy Berhad (Registration No.192001000024 (1225-D)), a public company limited by shares and incorporated in Malaysia and shall, where the context admits, include its successors in title
“Constitution”	means the constitution of the Company as amended from time to time
“Date of Expiry”	means last day of the SGS Period as defined in By-Law 16.1
“Director”	means a natural person who holds a directorship in any company within Advance Synergy and shall have the meaning of Section 2(1) of the Capital Markets and Services Act 2007
“Disciplinary Proceedings”	means proceedings instituted by Advance Synergy or the Group Company against a Grantee employed by that Group Company for any alleged negligence, misbehaviour, misconduct, fraud, financial misstatement, reputational damage and/or any other act of the Grantee deemed to be unacceptable by Advance Synergy or the Group Company in the course of that Grantee’s employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Grantee

DRAFT BY-LAWS (CONT'D)

“Effective Date”	means the date the Scheme takes effect as provided in By-Law 16
“Eligible Person”	means any Director or Employee who meets the eligibility criteria for participation in the Scheme as set forth in By-Law 3 and “Eligible Persons” means any two or more of them
“Employee”	means any person who is employed by Advance Synergy Group
“Entitlement Date”	means the date as at the close of business on which the name of shareholders must appear in Advance Synergy’s record of depositors and/or register of members in order to be entitled to any dividends, rights, allocations, and/or other distributions
“Grant Commencement Date”	means in relation to the Grant, the date fixed by the SGS Committee as the date on which the Vesting Period commences
“Grant Date”	means in relation to the Grant, the date on which the Grant is made by the SGS Committee
“Grant Termination Date”	means in relation to the Grant, the date on which the Grant terminates, expires, lapses, and/or otherwise ceases to be of any force and effect or the date immediately following the day on which the SGS Shares comprised in the Grant are intended to vest in full in accordance with these By-Laws
“Grantee”	means an Eligible Person selected by the SGS Committee to whom the Grant is made pursuant to By-Law 6, and “Grantees” means two or more of them
“Grant(s)”	means the grant of SGS Shares made in writing by the SGS Committee to an Eligible Person in accordance with By-Law 6
“Group” or “Advance Synergy Group”	means, collectively, Advance Synergy and its Subsidiaries and in the context of the Proposed SGS, shall include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the SGS Period but exclude subsidiary(ies) listed on any stock exchange as well as its group of companies, and any dormant subsidiary(ies) of the Group. For the avoidance of doubt, associated companies, joint-venture companies, and subsidiaries that have been divested do not fall within this category
“Group Company”	means any one of the Company and the Subsidiaries, and “Group Companies” means any two or more of them
“Listing Requirements”	means the Main Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time
“Market Day”	means a day on which Bursa Securities is open for trading in securities
“Maximum Allowable Allocation”	shall have the meaning ascribed to it in By-Law 5.1
“Maximum SGS Shares”	shall have the meaning ascribed to it in By-Law 4.1
“Normal Correspondence”	shall have the meaning ascribed to it in By-Law 28.3
“Notice” or “Process”	shall have the meaning ascribed to it in By-Law 28.1
“Notice of Vesting”	shall have the meaning ascribed to it in By-Law 8.2
“Performance Period”	in relation to the Grant, the duration of which is to be determined by the SGS Committee on the Grant Date, during which the Performance Targets and/or Service Objectives are to be satisfied

DRAFT BY-LAWS (CONT'D)

“Performance Target(s) and/or Service Objective(s)”	means the performance targets and/or service objectives determined by the SGS Committee at its sole discretion, which are to be achieved by the Grantee and/or Group (and/or such business units within the Group as determined by the SGS Committee)
“Persons Connected”	shall have the meaning ascribed to it in relation to persons connected with a Director or persons connected with a major shareholder in Paragraph 1.01 of the Listing Requirements
“Previous Company”	shall have the meaning ascribed to it in By-Law 3.3
“Right and Distribution”	shall have the meaning ascribed to it in By-Law 12.1
“Rules of Bursa Depository”	means the rules of Bursa Depository, as issued pursuant to SICDA
“SC”	means the Securities Commission Malaysia
“Scheme” or “SGS”	means the share grant scheme established by the Company which shall be known as the “Advance Synergy Share Grant Scheme” to be administered in accordance with these By-Laws
“Scheme Termination Date”	shall have the meaning ascribed to it in By-Law 16.5
“Senior Management”	means such employees of Advance Synergy Group as the SGS Committee may at its absolute discretion determine to be senior management
“SGS Committee”	means a committee established pursuant to By-Law 13.1 to implement and administer the Scheme in accordance with these By-Laws
“SGS Period”	means the duration of the Scheme as set out in By-Law 16.1
“SGS Shares”	means the Shares granted to the Grantee pursuant to the Grant under the Scheme which will be vested to the Grantee in accordance with By-Law 8
“Shares” or “Advance Synergy Shares”	means ordinary shares in the Company
“SICDA”	means the Securities Industry (Central Depositories Act) 1991 as amended from time to time
“Subsidiary”	means a subsidiary (has the meaning ascribed to it in Section 4 of the Act) of the Company which shall include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the SGS Period but exclude subsidiary(ies) listed on any stock exchange as well as its group of companies, and any dormant subsidiary(ies) of the Group, and “Subsidiaries” shall be construed accordingly. For the avoidance of doubt, associated companies, joint-venture companies, and subsidiaries that have been divested do not fall within this category
“Trust”	means the trust that may be established to facilitate the implementation and administration of the Scheme
“Trust Deed”	means the trust deed that may be entered into between the Company and the Trustee constituting the trust
“Trustee”	means the trustee that may be appointed by the Company to administer the trust for the Scheme in accordance with the Trust Deed

DRAFT BY-LAWS (CONT'D)

“Unvested SGS Shares”	means SGS Shares which have been granted pursuant to the Grant but which have not been vested in the Grantee at the relevant time stipulated in the Grant
“Vesting Conditions”	means the conditions determined by the SGS Committee and stipulated in the Grant which must be fulfilled for the SGS Shares to be vested in a Grantee
“Vesting Date(s)”	means in relation to the Grant, the date or dates determined by the SGS Committee on which all or some of the SGS Shares to which the Grant relates in accordance with By-Law 8.1 are vested pursuant to the Grant
“Vesting Period”	means in relation to the Grant, the period commencing from the Grant Commencement Date in relation to the Grant and expiring on the Market Day immediately preceding the Grant Termination Date to which the Grant relates (both dates inclusive)

1.2 In these By-Laws, unless the context otherwise requires:

- (a) any reference to a statutory provision or an applicable law shall include a reference to:
 - (i) any statute of Malaysia and shall include all subsidiary legislation made from time to time under that provision or law;
 - (ii) any and all Listing Requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities and/or any other relevant regulatory authority); and
 - (iii) that provision as from time to time modified or re-enacted, whether before or after the date of these By-Laws, so far as such modification or re-enactment applies or is capable of applying to any Grant offered and accepted prior to the expiry of the Scheme and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced.
- (b) any reference to a By-Law is a reference to a By-Law of these By-Laws;
- (c) the headings to the provisions are for convenience only, and shall not be taken into account in the interpretation of these By-Laws;
- (d) any word importing:
 - (i) the singular meaning includes the plural meaning and vice versa; and
 - (ii) the masculine gender includes the feminine gender and vice versa;
- (e) any liberty or power or discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
 - (i) by the Board may be exercised at the Board’s discretion and the Board shall not be under any obligation to give any reasons thereof; and
 - (ii) by the SGS Committee may be exercised at the SGS Committee’s discretion and the SGS Committee shall not be under any obligation to give any reasons thereof, but subject always to the Board’s power to overrule any decision of the SGS Committee;

DRAFT BY-LAWS (CONT'D)

- (f) if any event is to occur on a stipulated day which is not a Market Day, then the stipulated day shall be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the expiry of the SGS Period then the stipulated day shall be taken to be the last Market Day of the SGS Period; and
- (g) in the event of any change in the name of the Company from its present name, all references to "Advance Synergy" in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name.

2. NAME AND OBJECTIVE OF THE SCHEME

- 2.1 The Scheme shall be known as "Advance Synergy Share Grant Scheme", the objective of which is primarily to serve as a long-term incentive plan to reward the Eligible Persons and to align their interest with the corporate goals and objectives of Advance Synergy. In addition, the Scheme is intended:
- (a) to recognise the contribution of Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
 - (b) to motivate Eligible Persons to work towards better performance through greater productivity and loyalty to the Group;
 - (c) to inculcate a greater sense of belonging and dedication since Eligible Persons are given the opportunity to participate directly in the equity of the Company, thus promoting a shared vision amongst the shareholders to further enhance shareholder value;
 - (d) to encourage Eligible Persons to remain with the Group thus ensuring that any loss of key personnel is kept to a minimum level;
 - (e) to reward Eligible Persons by allowing them to participate in the Company's growth and profitability and eventually realise potential capital gains arising from any appreciation in the value of the Shares; and
 - (f) to make the Group's remuneration scheme more attractive to attract more skilled and experienced individuals to join the Group and contribute to its continued growth.

3. ELIGIBILITY

- 3.1 Subject to By-Law 3.2, Directors and Employees may be considered as eligible from time to time and at any time for the purposes of the Scheme by the SGS Committee.
- 3.2 Eligible Persons who fulfill the following criteria as at the Grant Date shall be eligible for consideration by the SGS Committee to participate in the Scheme:
- (a) has attained the age of twenty-one (21) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (b)
 - (i) has been employed by Advance Synergy Group as a full-time employee or serving in a specific designation under an employment contract with Advance Synergy Group for a fixed duration (or any other contract as may be determined by the SGS Committee) and is on the payroll of Subsidiaries within the Group for a continuous period of at least twenty-four (24) months in the Group and has not served a notice of resignation or received a notice of termination prior to and up to the Grant Date; or
 - (ii) is employed by a corporation which is acquired by the Group during the SGS Period and becomes a subsidiary of the Group upon such acquisition, he/she must have completed a continuous employment service for a period of at least twenty-four (24) months in the acquiree company and/or for such period in the acquire company and/or the Group as may be determined by the SGS Committee following the date that such company becomes or is deemed to be a subsidiary of the Group and has not served a notice to resign or received a notice of termination prior to and up to the Grant Date;

DRAFT BY-LAWS (CONT'D)

- (c) has been confirmed in writing and is not under any probation;
- (d) if he/she is a Director or Chief Executive of the Company, the Grant awarded by the Company to him/her in his/her capacity as a Director or Chief Executive of the Company under the Scheme has been approved by the shareholders of Advance Synergy at a general meeting (if applicable); and
- (e) is under such categories and/or fulfills any other criteria as may be set by the SGS Committee from time to time at its absolute discretion.

The selection of any Eligible Person for participation in the Scheme shall be at the sole discretion of the SGS Committee whose decision shall be final and binding.

For the avoidance of doubt, the SGS Committee may determine any other eligibility criteria and/or waive any of the eligibility criteria as set out in this By-Law 3.2, for purposes of selecting an Eligible Person from time to time, at the SGS Committee's discretion.

- 3.3 The SGS Committee shall have the discretion to extend (or not) the benefit of the Scheme to any employee in any of the following circumstances:
- (a) an employee who is in the employment of a corporation which is not a Group Company but which subsequently becomes a Group Company as a result of a restructuring, an acquisition, a merger, a divestment from that corporation which is not a Group Company or other exercise involving the Company and/or any Group Company ("**Previous Company**");
 - (b) an employee who was employed in a Previous Company and is subsequently transferred from that Previous Company to a Group Company; or
 - (c) where:
 - (i) a corporation that was a Group Company ceases to be a Group Company ("**Ex-Group Company**"); and
 - (ii) an employee of that Ex-Group Company is re-employed by the Group Company.
- 3.4 Eligibility for consideration under the Scheme does not confer an Eligible Person a claim or right to participate in or any right whatsoever under the Scheme and an Eligible Person does not acquire or has any rights over or in connection with the Grant or the SGS Shares comprised in the Grant unless the Grant has been made in writing by the SGS Committee to the Eligible Person and the Eligible Person has accepted the Grant in accordance with the terms of the Grant and the By-Laws.
- 3.5 Without prejudice to the generality of the foregoing and subject to the SGS Committee's discretion otherwise, any Grant made by the SGS Committee shall become void, of no effect, and cease to be capable of vesting upon any of the following events occurring:
- (a) the Grantee's death subject to By-Law 9.4 below;
 - (b) the Grantee having received a letter of termination or ceasing to be an Employee, for any reason whatsoever;
 - (c) the Grantee giving notice of his resignation from service or employment;
 - (d) the corporation which employs the Grantee ceases to be a Group Company subject to By-Law 3.3 above;
 - (e) the Grantee is subject to Disciplinary Proceedings; or
 - (f) the Grantee is adjudicated bankrupt.
- 3.6 The SGS Committee may at its discretion revoke or suspend the nomination of any Grantee of any Group Company from time to time, whereupon such Grantee of such corporation shall henceforth cease to be eligible for any Grant under the Scheme.

DRAFT BY-LAWS (CONT'D)

4. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 4.1 The maximum number of Shares which may be made available under the Scheme shall not in aggregate exceed ten percent (10%) of the total number of issued shares of Advance Synergy (excluding treasury shares, if any) at any point in time during the SGS Period ("**Maximum SGS Shares**").
- 4.2 Notwithstanding By-Law 4.1, in the event the aggregate number of SGS Shares granted under the Scheme exceeds the Maximum SGS Shares at any point in time as a result of Advance Synergy purchasing or cancelling Shares in accordance with the provisions of the Act and/or undertaking any corporate proposal resulting in the reduction of Advance Synergy's issued share capital, then such Grant granted prior to the adjustment of the issued share capital of Advance Synergy (excluding treasury shares, if any) shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the SGS Committee shall not make any further Grant until such aggregate number of Shares granted falls below the Maximum SGS Shares.

5. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOCATION

- 5.1 The aggregate maximum number of SGS Shares that may be allocated to any Eligible Persons shall be determined by the SGS Committee provided that the number of SGS Shares allocated to any Eligible Persons who, either singly or collectively through Persons Connected with the Eligible Persons, holds twenty percent (20%) or more of the total number of issued shares of the Company (excluding treasury shares, if any), shall not exceed ten percent (10%) of the Maximum SGS Shares ("**Maximum Allowable Allocation**").
- 5.2 Subject to By-Law 5.1 and any adjustment which may be made under By-Law 10, the basis for determining the aggregate number of Shares that may be offered and/or allocated under the Scheme to the Eligible Persons shall be at the sole and absolute discretion of the SGS Committee after taking into consideration *inter alia*, the provisions of the Listing Requirements or other applicable regulatory requirements relating to employees' and/or directors' share issuance scheme and after taking into consideration factors which may include the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of the Group.
- 5.3 The Eligible Persons shall not participate in any deliberation or discussion of their own allocation and those of persons connected to them.

6. GRANT

- 6.1 The aggregate maximum number of Grant or Shares that may be granted to the Grantee will be determined entirely at the absolute discretion of the SGS Committee, which shall take into account such criteria as it considers fit including but not limited to the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of the Group and such other criteria as the SGS Committee may deem relevant from time to time. In addition, the SGS Committee may from time to time and at its discretion decide on the Performance Targets and/or Service Objectives to be achieved by the Grantee before the SGS Shares that may be granted can be vested. Each Grant that may be granted to the Grantee by the SGS Committee shall be separate and independent from any previous or later Grant made by the SGS Committee to that Grantee.
- 6.2 The SGS Committee may make one (1) or more Grants to Grantee provided that the aggregate number of Grant that may be granted to the Grantee does not exceed the Maximum Allowable Allocation of such Grantee. The number of SGS Shares that may be granted to the Grantee pursuant to a Grant shall be at the discretion of the SGS Committee and, subject to any adjustment that may be made under these By-Laws, shall not be less than hundred (100) Shares and shall always be in multiples of hundred (100) Shares. The number of SGS Shares that may be granted to the Grantee for vesting pursuant to the Grant shall be disclosed in the Company's annual report as long as the Scheme is in operation as required by the Listing Requirements. The audit committee of the Company ("**Audit Committee**") shall verify the allocation of SGS Shares pursuant to the Scheme is in compliance with the criteria for allocation disclosed by the Company to the Grantee at the end of each financial year.

DRAFT BY-LAWS (CONT'D)

The SGS Committee shall not be obliged in any way to grant or vest to any Eligible Persons any Grant or Share. The decision of the SGS Committee shall be final and binding.

- 6.3 The Grant shall be made in writing and may be made upon such terms and conditions as the SGS Committee may decide from time to time. Nothing herein shall require the Grant made to be the same as or similar to other Grants previously or subsequently made whether to the same or a different Grantee.
- 6.4 As soon as reasonably practicable after making the Grant, the SGS Committee shall send to the Grantee a letter of Grant ("**Grant Letter**") to state, amongst others:
- (a) the number of SGS Shares that may be granted to the Grantee upon the Grantee satisfying the conditions of the Grant;
 - (b) the Grant Date;
 - (c) the Vesting Conditions including the Vesting Period;
 - (d) the Performance Targets and/or Service Objectives, the Performance Period, and/or the extent to which the Shares which are subject of the Grant shall be released upon the Performance Targets and/or Service Objectives being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;
 - (e) the Vesting Date(s); and
 - (f) any other condition which the SGS Committee may determine from time to time in relation to the Grant.
- 6.5 The Grant shall be accepted by the Grantee in such form and manner and by providing such information as may be prescribed by the SGS Committee from time to time. The Grantee is not required to pay for acceptance of the Grant and the subsequent vesting of the SGS Shares comprised in the Grant. The reference price of the SGS Shares to be granted will be determined based on the fair value of the SGS Shares, which will take into account, among others, the market price of the Shares as at or prior to the Grant Date.
- 6.6 Any Eligible Persons who hold more than one (1) position within the Group shall only be granted one allocation subject to the Maximum Allowable Allocation regardless of the number of positions held in the Group and the category/designation/position for allocation shall be as determined by the SGS Committee

Subject to By-Law 13, in the event, the Grant Letter contains an error on the part of the Company in stating any of the particulars referred to in By-Law 6.4 above, the Company shall issue a revised Grant Letter, stating the correct particulars of the Grant within thirty (30) days of discovering such error and the revised particulars of the Grant shall take effect on the date of the revised Grant Letter except for SGS Shares which have already been vested as at the date of the revised Grant Letter.

7. NON-TRANSFERABILITY OF THE GRANT

- 7.1 Subject to By-Laws 8.5, 9.4, and 24.1, the Grant is personal to the Grantee thereof, and cannot be assigned, encumbered, transferred, or otherwise disposed of in any manner whatsoever.
- 7.2 Any attempt to assign, encumber, transfer or otherwise dispose the Grant shall result in the automatic cancellation of the Grant.

8. VESTING CONDITIONS AND VESTING OF SGS SHARES

- 8.1 The SGS Shares comprised in the Grant shall be vested to the Grantee on the Vesting Date(s) after fulfilling the Vesting Conditions in accordance with these By-Laws. For the avoidance of doubt, the vesting of each Grant may be staggered in several tranches at such times and on such terms as determined by the SGS Committee. The SGS Shares comprised in the Grant shall vest in multiples of and no less than a hundred (100) Shares.

DRAFT BY-LAWS (CONT'D)

- 8.2 Where the SGS Committee has determined that the Vesting Conditions have been fully and duly satisfied, the SGS Committee shall notify the Grantee of the number of SGS Shares vested or which will be vested in him on the Vesting Date(s) ("**Notice of Vesting**"). Within eight (8) Market Days or such other period as may be prescribed or allowed by Bursa Securities from the Vesting Date(s) stipulated in the Notice of Vesting, the Company shall subject to the provisions of the Constitution, Listing Requirements, SICDA and Rules of Bursa Depository:
- (a) issue or procure the transfer of the relevant number of Shares;
 - (b) procure the despatch of notices of allocation of such Shares to the Grantee accordingly; and
 - (c) make an application for the listing of and quotation for such relevant number of new Shares (if required).
- 8.3 All Shares issued or transferred pursuant to the vesting of any Grant under the Scheme shall be credited directly into the CDS Account of the Grantee, and no physical share certificates will be issued and delivered to the Grantee. The Grantee shall provide the SGS Committee with his CDS Account number within the time period as determined by the SGS Committee to facilitate the issuance or transfer of the Shares to the Grantee. It is the obligation and responsibility of the Grantee to notify the Company of any change in his CDS Account number and any other relevant details.
- 8.4 To the extent the SGS Shares under the Grant has not vested upon expiry of the SGS Period for the Grant or vest at all under the Scheme for any reason whatsoever (including, without limitation, by reason of the SGS Committee determining that the Grant shall not vest at all pursuant to By-Law 8.6), the Grant shall lapse and become null and void unless extended from time to time by the SGS Committee at its discretion.
- 8.5 Notwithstanding anything to the contrary, in the event of any take-over offer being made for the issued share capital of the Company or any other corporate proposal, being undertaken whereby all the issued share capital of the Company is to be acquired (or all of the issued share capital of the Company ends up in the hands of one or more parties pursuant to such proposal), whether by way of a general offer or otherwise, the SGS Committee may at its discretion, to the extent permitted by law, decide:
- (a) to alter any Vesting Period applicable in respect of any Grant, whether by shortening or lengthening the same;
 - (b) to alter any Grant Commencement Date and/or Grant Termination Date in respect of any Grant;
 - (c) to fix any Grant Commencement Date and/or Grant Termination Date in respect of any Grant; and/or
 - (d) to alter the terms of any Grant;
- but in the absence of any such decision by the SGS Committee, upon any such take-over offer or corporate proposal becoming or being declared unconditional, the SGS Committee may by notice in writing to the Grantee (including the Grantee's legal and personal representatives) allow, within one (1) month from the date on which such take-over offer or corporate proposal becomes or is declared unconditional (or such shorter period expiring on the day immediately prior to the date on which the Grant or proposal is to expire or to complete, if such period is shorter than the said one-month period), for such number of SGS Shares comprised in any Grant to vest fully (including those SGS Shares comprised in Grant that have not yet vested in accordance with By-Law 8.6), provided that if during such period a party becomes entitled or bound to exercise the rights of compulsory acquisition under the provisions of any applicable law, and gives notice to the Company and/or any member of the Company that it intends to exercise such rights on a specified date. The SGS Shares under the Grant shall vest to the Grantee until the day immediately prior to that specified date, but no later.
- 8.6 The SGS Committee shall, as and when it deems practicable and necessary, review the Vesting Conditions specified in respect of the Grant and determine at its discretion:

DRAFT BY-LAWS (CONT'D)

- (a) whether a Vesting Condition has been satisfied and if so, the extent to which it has been satisfied;
- (b) whether any other condition applicable to such Grant has been satisfied; and
- (c) the number of SGS Shares (if any) comprised in such Grant to be vested to the relevant Grantee.

Notwithstanding anything to the contrary, all SGS Shares comprised in the Grant under the Scheme shall vest when the SGS Committee determines at its full discretion that such Grantee has achieved the stipulated conditions as stated in the Grant made to him and if all other conditions stipulated in the Grant have also been met (whether fully or partially). In making any such determination, the SGS Committee shall have the right to make reference to (amongst others) the audited results of the Company or the Group (as the case may be) to take into account such factors as the SGS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend any Vesting Conditions if the SGS Committee decides that a changed Performance Target and/or Service Objective, if any, would be a fairer measure of performance. If the SGS Committee determines, at its sole discretion, that the conduct and the performance of such Grantee during the Vesting Period for the Grant does not meet the criteria for such vesting imposed by the SGS Committee as it thinks fit and/or if any other conditions stipulated in the Grant has not been met and/or (subject to By-Law 9) the relevant Grantee is no longer an Employee as at the Grant Date, the SGS Committee has the discretion to either:

- (a) vary the number of SGS Shares to be vested or to extend the relevant SGS Period and to impose additional conditions, including but not limited to, any Vesting Conditions or Performance Targets and/or Service Objectives or such other conditions precedent as the SGS Committee thinks fit in respect of the vesting of the SGS Shares to such Grantee; or
 - (b) determine that the Grant or any part thereof not vested will lapse and be of no value.
- 8.7 No Grantee shall have any right to or interest in the SGS Shares granted to him unless and until the SGS Shares are vested in him on and with effect from the date such Shares are credited into his CDS Accounts.

9. TERMINATION OF GRANT AND UNVESTED SGS SHARES

- 9.1 Subject to By-Law 9.2, in the event of the cessation of employment of a Grantee with a Group Company for whatever reason, including but not limited to the receipt of a letter of termination, serving of a notice of resignation by the Grantee or bankruptcy of the Grantee, prior to the vesting of SGS Shares comprised in a Grant, such Grant or any part thereof that remain unvested, as the case may be, shall forthwith cease or be deemed to cease to be valid without any claim against the Group Company.
- 9.2 In the event of the cessation of employment of a Grantee with a Group Company in any of the following circumstances:
- (a) retirement on attaining the normal retirement age under the Group Company's retirement policy; or
 - (b) retirement before the normal retirement age with the consent of his employer being a company within the Group; or
 - (c) expiration of the employment contract of the Grantee; or
 - (d) resignation or termination of the employment of the Grantee by reason of ill-health, injury, physical or mental disability; or
 - (e) redundancy or retrenchment, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the relevant Group Company; or
 - (f) non-renewal of fixed-term contract, not due to a breach of contract on the part of the Grantee; or

DRAFT BY-LAWS (CONT'D)

(g) any other circumstance which is acceptable to the SGS Committee at its discretion,

the SGS Committee may at its discretion determine that all or any part of the Unvested SGS Shares comprised in a Grant, can vest in accordance with the provisions of these By-Laws, and the times or periods at or within which such SGS Shares may vest provided that no SGS Shares shall vest after the expiry of the Vesting Period for that Grant. Unless the SGS Committee at its discretion permits such vesting in accordance with this By-Law 9.2, any Unvested SGS Shares shall cease or be deemed to cease to be capable of vesting to the Grantee without any liability or right to claim against the Company and/or the SGS Committee and/or the Board.

9.3 Subject to By-Law 9.2, upon the resignation of the Grantee from his employment with the relevant Group Company, as the case may be, such Grant shall lapse and cease or be deemed to cease to be valid forthwith on the date the Grantee tenders his resignation.

9.4 Where the Grantee dies before the expiry of the Vesting Period for a Grant(s), the SGS Committee may at its discretion determine that all or any part of the Unvested SGS Shares under the Grant(s) to be held by the Grantee, be vested to the executor or administrator of that deceased Grantee, and the times or periods at or within which such SGS Shares comprised in the Grant(s) may vest, provided always that no SGS Shares comprised in the Grant(s) may vest after the expiry of the Vesting Period for a Grant(s). In this regard, the SGS Committee may require the executor or administrator of that deceased Grantee to provide evidence satisfactory to the SGS Committee of his status as such executor or administrator, as the case may be.

9.5 In the event a bankruptcy proceeding has commenced against a Grantee, the Grant, to the extent of the Unvested SGS Shares, shall be suspended pending the outcome of the bankruptcy proceedings. If the bankruptcy proceeding is withdrawn, the suspension shall be lifted and the Unvested SGS Shares in respect of any Grant shall be capable to be vested to the said Grantee. However, if the said Grantee is adjudicated by the court to be bankrupt, all the Unvested SGS Shares shall immediately become null and void.

9.6 Any Unvested SGS Shares shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting, as the case may be, without any claim against the Company and/or any corporation of the Group and/or any member of the SGS Committee upon the occurrence of one or more of the following events:

- (a) winding-up or liquidation of the Company pursuant to By-Law 15.1; or
- (b) termination of the Scheme pursuant to By-Law 16.5.

10. ALTERATION IN SHARE CAPITAL AND ADJUSTMENT

10.1 If the SGS Committee so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the SGS Period, whether by way of a rights issue, bonus issue or other capitalisation issue, subdivision or consolidation of Shares or reduction of capital or any other variations of capital or otherwise howsoever taking place, the SGS Committee shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding alterations (if any) to be made to the Scheme. Unless the SGS Committee decides otherwise in consultation with the external auditor or Adviser of the Company, any alterations made shall be calculated in accordance with the formula set out in Schedule 1.

10.2 The alterations as set out in By-Law 10.1, may be made to:

- (a) the number of Unvested SGS Shares comprised in the Grant; and/or
- (b) the method and/or manner in the vesting of the SGS Shares comprised in the Grant.

Such alterations (if any) will be made in accordance with these By-Laws.

10.3 The alterations as set out in By-Law 10.1 shall be in such a manner as to give the Grantee a fair and reasonable Grant entitlement as certified in writing (other than for adjustments made pursuant to a bonus issue, subdivision or consolidation of shares) by the external auditor or Adviser of the Company (acting as an expert and not as an arbitrator) as being in its opinion fair and reasonable and such certification shall be final and binding in all respects, provided that:

DRAFT BY-LAWS (CONT'D)

- (a) upon any adjustment being made pursuant to By-Law 10.1 the SGS Committee shall notify the Grantee (or his executor or administrator, where applicable) in writing of the adjusted number of SGS Shares comprised in the Grant, and/or the revised maximum number of SGS Shares and/or percentage of the total SGS Shares comprised in the Grant, that may vest at any time or in any period which supersedes the earlier Grant(s); and
- (b) in the event that a fraction of a Share arising from the adjustments referred to in By-Law 10.1 would otherwise be required to be transferred to the Grantee upon the vesting of SGS Shares comprised in the Grant, the Grantee's entitlement shall be rounded down to the nearest whole number.

An adjustment pursuant to By-Law 10.1 shall be made according to the following terms:

- (a) in the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or
- (b) in the case of a subdivision or consolidation of Shares or reduction of capital, on the next Market Day immediately following the date on which the subdivision or consolidation or reduction becomes effective or such other period as may be prescribed by Bursa Securities.

10.4 The provisions of this By-Law 10 shall not apply where the alteration in the capital structure of the Company arises from:

- (a) the issue of securities as consideration or part consideration for an acquisition;
- (b) a special issue of new Shares or securities to Bumiputera investors nominated by the Malaysian Government and/or any other relevant authority of the Malaysian Government to comply with the Malaysian Government's policy on Bumiputera capital participation;
- (c) a special issue, private placement or restricted issued of new Shares by the Company;
- (d) a share buy-back arrangement by the Company and the cancellation of all or a portion of the Shares pursuant to Section 127 of the Act;
- (e) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
- (f) an issue of new Shares upon the vesting of Grant pursuant to the Scheme;
- (g) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including directors, or employees of the Company or any of its subsidiaries pursuant to purchase or grant schemes approved by the shareholders in general meeting; and
- (h) any issue of Shares by the Company (other than bonus and rights issues) for any purpose whatsoever where the aggregate issues of which in any twelve (12) months do not exceed ten percent (10%) of the outstanding number of issued shares of the Company pursuant to the provision of Section 76 of the Act.

10.5 Notwithstanding the provisions of this By-Law 10, the SGS Committee may exercise its discretion to determine whether any adjustments to the number of SGS Shares be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the number of SGS Shares notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.

11. DISCIPLINARY PROCEEDINGS

11.1 In the event that a Grantee is subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings will give rise to a dismissal or termination of the contract of service),

DRAFT BY-LAWS (CONT'D)

the SGS Committee may at its discretion suspend any one or more of the Grantee's rights in respect of any Grant then held by him, pending the outcome of such Disciplinary Proceedings, provided always that:

- (a) in the event that such Grantee shall subsequently be found to be not guilty of all the charges which gave rise to such Disciplinary Proceedings, the Grantee's rights in respect of any Grant then held by him shall remain unaffected (and where that Grant had been suspended, the suspension shall be lifted);
- (b) in the event the Disciplinary Proceedings result in a dismissal or termination of the contract of service of such Grantee, the Grant held by that Grantee shall immediately lapse and be null and void and of no further force and effect upon the date of the notice of the dismissal or termination of the contract of service of such Grantee, notwithstanding that such dismissal or termination of the contract of service may be subsequently challenged by the Grantee in any other forum; and
- (c) in the event that the Disciplinary Proceedings result in a demotion of the Grantee to a lower category of employment or any disciplinary action, the number of SGS Shares comprised in the Grant held by that Grantee which are unvested (as the case may be) at that time may be reduced or revoked by the SGS Committee at its discretion;

but in any case and notwithstanding anything to the contrary, in the event such Grantee is found guilty of some or all of the charges but no dismissal or termination of the contract of service is recommended, the SGS Committee shall have the right to determine, at its discretion, whether or not the SGS Shares comprised in the Grant may continue to vest and, if so, to impose such limits, terms and conditions or make such downward adjustment to the number of SGS Shares as it deems appropriate, in respect of such vesting (regardless of anything previously determined in respect of his/her Grant). Nothing herein shall prevent the SGS Committee (but the SGS Committee shall not be obliged to do so) from making a fresh Grant and/or reinstating the right of the Grantee to have vested any Unvested SGS Share in the event that such disciplinary actions are not decided against him or if such disciplinary actions are withdrawn.

- 11.2 In the event a Grantee is subjected to Disciplinary Proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of the contract of service), after a Grant is made but before the acceptance thereof by the Grantee, the Grant is deemed revoked and/or withdrawn and no longer capable of acceptance, unless otherwise decided by the SGS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Grantee. Nothing herein shall prevent the SGS Committee (but the SGS Committee shall not be obliged to do so) from making a fresh Grant to such Grantee in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn. In the event the Grantee is dismissed or the Grantee's service is terminated after the Grant is made but before the acceptance thereof by the Grantee, the Grant is deemed revoked and/or withdrawn and no longer capable of acceptance, and the Grantee shall have no claim against the Company and/or any corporation of the Group and/or any member of the SGS Committee.

12. RANKING OF SGS SHARES PURSUANT TO THE SCHEME

- 12.1 In the event any new SGS Shares are to be issued and/or transferred from treasury shares (as the case may be) to the Grantee pursuant to the Scheme, the new Shares will, upon allotment and issuance, rank equally, in all respects with the then existing Shares, save and except that the new Shares will not be entitled to any dividends, rights, allocations and/or other forms of distributions ("**Right and Distribution**") which may be declared, made or paid, where the Entitlement Date is before the date of issuance and/or transfer of the abovementioned SGS Shares.
- 12.2 In the event that any treasury shares (so purchased under a share buy-back mandate) are to be transferred to the Grantee under the Scheme, such treasury shares shall be subject to the relevant provisions of the Listing Requirements and the Constitution of Advance Synergy.
- 12.3 Notwithstanding By-Law 12.1, in respect of any Shares transferred to the Grantee pursuant to the Scheme (whether issued and/or transferred, or acquired), the Grantee shall not be entitled to any Right and Distribution attached to the Shares until such Shares have been credited into the CDS Accounts of the respective Grantee, upon vesting of such SGS Shares in the Grantee under the Scheme.

DRAFT BY-LAWS (CONT'D)

- 12.4 For the avoidance of doubt and if applicable, any Right and Distribution which are attributable to Shares held by the Trustee (whether issued or acquired) but which are not transferred, vested, or given to any Grantee shall accrue to the Trustee and be dealt with in accordance with the Trust Deed.
- 12.5 The Grant shall not carry any rights to vote at any general meeting of the Company.
- 13. ADMINISTRATION**
- 13.1 The Scheme shall, subject to these By-Laws, be implemented and administered by the SGS Committee in such manner as it shall, at its absolute discretion, think fit, in the best interest of the Company, provided that no member of the SGS Committee and no Eligible Persons shall participate in any deliberation or decision in respect of Grants granted or to be granted to himself or any Person Connected to such Eligible Persons. The SGS Committee shall comprise any such persons appointed by the Board from time to time and shall be vested with such powers and duties as are conferred upon it by the Board and the Board may determine all matters pertaining to the SGS Committee, including its duties, powers and limitations.
- 13.2 Without limiting the generality of By-Law 13.1, the SGS Committee may for the purpose of administering the Scheme, do all such acts and things and enter into and/or cause the Company to enter into any transaction, agreement, deed and document, arrangement or undertaking, construe and interpret the Scheme and Grants granted under it, and make such guidelines, rules and/or regulations, or impose or waive any terms and conditions for the implementation and administration of the Scheme, or delegate any of its powers relating to the administration of the Scheme and to give effect to the provisions of the Scheme and/or to enhance the benefit of the Grant to the Grantee as the SGS Committee at its discretion deems fit, necessary and/or expedient for the implementation and administration of the Scheme. The SGS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for the Grant in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective and to determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.
- 13.3 The Board shall have power at any time and from time to time:
- (a) approve, rescind and/or revoke the appointment of any member of the SGS Committee and appoint replacement members to the SGS Committee;
 - (b) assume and/or exercise or execute any of the powers and authorities conferred upon the SGS Committee pursuant to these By-Laws; and
 - (c) amend, modify or vary the terms of reference of the SGS Committee.
- 13.4 Neither the Scheme nor Grant granted under the Scheme shall impose on the Company, the Board, or the SGS Committee or any of its members any liability whatsoever in connection with:
- (a) the lapse of any Grant pursuant to any provision of the Scheme;
 - (b) the failure or refusal by the SGS Committee to exercise, or the exercise by the SGS Committee of, any discretion under the Scheme; and/or
 - (c) any decision or determination of the SGS Committee made pursuant to any provision of the Scheme.
- 13.5 Any decision or determination of the SGS Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to dispute as to the interpretation of the Scheme or any rule, regulation or procedure hereunder or as to any rights under the Scheme). The SGS Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities.

DRAFT BY-LAWS (CONT'D)

14. MODIFICATION, VARIATION AND/OR AMENDMENT OF THESE BY-LAWS

- 14.1 Subject to the By-Laws and compliance with the Listing Requirements and the approvals of any other authorities (if required), the SGS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall at its discretion think fit and the Board shall have the power at any time and from time to time by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities (within five (5) market days after the effective date of the modification, variation and/or amendment of the By-Laws or such other period as may be prescribed by Bursa Securities or any other relevant authorities) each time any modification, variation and/or amendment is made, stating that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to share issuance schemes and the Rules of Bursa Depository.
- 14.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of the modification, variation and/or amendment of the By-Laws provided that no modification, variation and/or amendment made to the By-Laws which would:
- (a) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
 - (b) increase the number of SGS Shares available under the Scheme beyond the maximum amount set out in By-Law 4; or
 - (c) prejudice any rights of the shareholders of the Company; or
 - (d) alter to the advantage of an Eligible Person and/or Grantee(s) in respect of any matters which are required to be contained in the By-Laws pursuant to the Listing Requirements.
- 14.3 No modification, amendment, alteration and/or deletion of the Scheme shall be made in relation to By-Laws 3.1, 3.2, 4.1, 5.1, 5.2, 6.4, 7.1, 10, 12, 15, 16.2, 17 and Schedule 1 of this By-Laws to the advantage of the Grantee without prior approval of the Company's shareholders in a general meeting and subject to any applicable laws.

15. LIQUIDATION OF COMPANY

- 15.1 Upon the passing of a resolution or receipt of a court order of the winding-up of the Company, all Grants shall be deemed revoked and be null and void and all Unvested SGS Shares comprised in a Grant shall lapse and be null and void and of no further force and effect, and the Scheme shall terminate.
- 15.2 In the event where a petition is presented in court for the winding-up of the Company, all rights to exercise and/or vest the Grant shall automatically be suspended from the date of the presentation of the petition. Conversely, if the petition for winding-up is dismissed by the court, the suspension of the right to vest the Grant shall accordingly be lifted.

16. DURATION OF THE SCHEME

- 16.1 The Scheme shall take effect on the date on which the last of the following approvals and/or conditions shall have been obtained and/or complied with ("**Effective Date**"):
- (a) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
 - (b) receipt of approval-in-principle from Bursa Securities for the listing of and quotation for the new Shares to be issued under the Scheme;
 - (c) procurement of shareholders' approval for the Scheme in a general meeting;

DRAFT BY-LAWS (CONT'D)

- (d) receipt of approval of any other relevant regulatory authorities whose approvals are necessary in respect of the Scheme; and
 - (e) fulfilment or waiver (as the case may be) of all conditions attached to any of the abovementioned approvals (if any).
- 16.2 The Scheme, upon implementation, shall continue to be in force for a period of **five (5) years** from the Effective Date and may be extended or renewed (as the case may be) for a further period of **five (5) years** or such shorter period, at the sole and absolute discretion of the Board upon the recommendation by the SGS Committee, provided always that the initial scheme period stipulated above and such extension of the SGS made pursuant to these By-Laws shall not in aggregate exceed a duration of **ten (10) years** from the Effective Date. For the avoidance of doubt, no further approval, sanction or authorization of the shareholders of the Company in a general meeting is required for any such extension or renewal (as the case may be). In the event the Scheme is extended or renewed (as the case may be) pursuant to this Clause, the Company shall serve appropriate notices on each Grantee and make the necessary announcements to Bursa Securities prior to such extension or renewal (as the case may be).
- 16.3 All Unvested SGS Shares comprised in any Grant (whether fully or partially unvested) shall cease to be capable of vesting upon expiration of the SGS Period.
- 16.4 Within five (5) Market Days after the Effective Date, the Principal Adviser of the Company shall, where required under the Listing Requirements, submit a confirmation to Bursa Securities of full compliance with approvals and/or conditions set out in By-Law 16.1, stating the Effective Date, together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting approving the Scheme.
- 16.5 Subject to compliance with the Listing Requirements and any other relevant authorities, the Scheme may be terminated by the Company at any time before the Date of Expiry without obtaining the approvals or consents from the Grantees or the Company's shareholders provided that the Company makes an announcement immediately to Bursa Securities on the following:
- (i) the effective date of termination of the Scheme;
 - (ii) the number of Grants and Shares vested; and
 - (iii) the reasons and justification for termination of the Scheme.
- 16.6 Notwithstanding anything to the contrary, all Unvested SGS Shares comprised in any Grant (whether fully or partially unvested) shall cease to be capable of vesting on the Date of Expiry or the date of the resolution of the termination of the Scheme.
- 16.7 In the event of termination stipulated in By-Law 16.5 above, the following provisions shall apply:
- (i) No further Grant or Shares vested shall be granted by the Company from the date of termination;
 - (ii) All Grants or Shares which have yet to be vested (as the case may be and whether fully or partially) under the Scheme shall be deemed cancelled and be null and void; and
 - (iii) All Grants or Shares which have yet to be accepted by Eligible Persons shall automatically lapse on the date of termination.
- 16.8 Approval or consent of the shareholders of the Company by way of a resolution and written consent of the Grantee in relation to unvested and/or unexercised Grant or Shares are not required to effect a termination of the Scheme.
- 17. RETENTION PERIOD AND TRANSFER RESTRICTIONS**
- 17.1 The Shares to be issued and/or transferred pursuant to the vesting of SGS Shares comprised in any Grant to the Grantee under the Scheme may be subject to such retention period or restriction on transfer (if any) which the SGS Committee, shall, from time to time and at its own discretion, be entitled to prescribe or impose as it sees fit.

DRAFT BY-LAWS (CONT'D)

- 17.2 The expression "retention period" referred to in By-Law 17.1 shall mean the period in which the Shares are issued or transferred to the CDS Account of the Grantee pursuant to the Scheme must not be sold, transferred, assigned or otherwise disposed of by the Grantee.

18. COSTS AND EXPENSES OF THE SCHEME

- 18.1 All administrative costs and expenses incurred by the Company in relation to the Scheme, including but not limited to the costs and expenses relating to the issuance or transfer of the Shares and/or acquisition of existing Shares for the vesting of SGS Shares comprised in any Grant, shall be borne by the Company.
- 18.2 For the avoidance of doubt, all other costs, fees, levies, charges, and/or taxes (including without limitation, income taxes) that are incurred by a Grantee, pursuant or relating to the grant of the Grant and vesting of SGS Shares comprised in a Grant, and any holding or dealing of such Shares (such as (but not limited to) brokerage commissions and stamp duty) shall be borne by that Grantee for his own account, and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

19. NO COMPENSATION

- 19.1 All Eligible Persons or Grantee who cease to hold office or employment or their executors or administrators, shall not be entitled to any compensation for the loss of any right or benefit, or prospective right or benefit, under the Scheme which they might otherwise have enjoyed, whether such compensation is claimed by way of damages for wrongful dismissal, disciplinary action, other breach of contract or by way of compensation for loss of office.
- 19.2 All Eligible Persons or Grantee or their executors or administrators, shall not be entitled to bring any claim, action or proceeding against the Company, the Group Company, the Board, the SGS Committee or any other party for any compensation, loss or damages whatsoever and howsoever arising including but not limited to the suspension of the vesting of SGS Shares comprised in a Grant, their SGS Shares comprised in a Grant not vesting for any reason whatsoever, and/or their Grant ceasing to be valid pursuant to the provisions of these By-Laws.

20. DISPUTES

- 20.1 In the event of a dispute between the Board and/or the SGS Committee, and an Eligible Persons or Grantee of any Group Company as to any matter or thing of any nature arising hereunder, the Board or the SGS Committee shall determine such dispute or difference by a written decision (other than a matter to be certified by the Auditors or the Advisers) given to the Eligible Persons or Grantee of any Group Company. The said decision of the Board or the SGS Committee (as the case may be) shall be final and binding on the parties. The Board and the SGS Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities. Under no circumstances shall a dispute or difference be brought to a court of law. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the SGS Committee shall be borne by such party.

21. INSPECTION OF AUDITED FINANCIAL STATEMENTS

- 21.1 To the extent permitted by the Listing Requirements and prevailing laws and guidelines issued by the relevant authorities, all Grantees shall be entitled to inspect a copy of the latest audited financial statements of the Company, which shall be made available at Bursa Securities' website and the Company's website at <http://www.asb.com.my>.

22. DIVESTMENT OF SUBSIDIARIES

- 22.1 Subject to By-Law 3.4, if a Grantee is in the employment of a company which ceases to be a Group Company due to a subsequent disposal or divestment (in whole or in part) from the Group, such Grantee shall not be eligible for any future Grants under the Scheme. Unless otherwise determined by the SGS Committee, any Unvested SGS Shares in respect of the Grantee shall cease to be capable of vesting.

DRAFT BY-LAWS (CONT'D)

23. ACQUISITIONS OF SUBSIDIARIES

- 23.1 Notwithstanding anything to the contrary, but subject to By-Law 3.4, in the case of an employee of a Previous Company, such an employee ("Affected Employee") may (subject to the approval of the SGS Committee) be eligible to participate in the Scheme only for the remaining SGS Period provided that, notwithstanding anything to the contrary, the number of SGS Shares that may be offered to such an Affected Employee under this By-Law 23.1 will always be subject to the discretion of the SGS Committee.

24. SCHEMES OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

- 24.1 Notwithstanding By-Law 8, in the event of any application being made to the court for sanction of a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and/or arrangement and reconstruction of the Company under section 366 of the Act, or its amalgamation with any other company or companies under section 370 of the Act, the SGS Committee may, by notice in writing to the Grantee, at its discretion determine that a Grantee (including its legal and personal representatives) may be entitled to receive all or any part of the SGS Shares comprised in the Grant that remain unvested commencing from the date upon which the application is so made to the court and ending on the date immediately prior to the date on which the scheme of arrangement and/or arrangement and reconstruction of the Company or amalgamation is approved (or on any other date specified by the SGS Committee at its discretion) notwithstanding that:

- (a) the Vesting Date(s) is not due or has not occurred; and/or
- (b) other terms and conditions set out in the Grant have not been fulfilled or satisfied;

after which all Grants shall be null and void and (whether or not comprising SGS Shares vested thereunder), shall cease to be capable of vesting.

25. THE CONSTITUTION OF THE COMPANY

- 25.1 Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Constitution, the provisions of the Constitution shall prevail at all times.

26. SCHEME NOT A TERM OF EMPLOYMENT

- 26.1 The Scheme shall not form part of, constitute or in any way be construed as any term or condition of employment of any Eligible Persons. The Scheme shall not confer or be construed to confer on any Eligible Persons any special right or privilege over and above the Eligible Persons' terms and conditions of employment under which the Eligible Persons are employed nor any rights in addition to compensation or damages that the Eligible Persons may be normally entitled to arising from the cessation of such employment for any reason whatsoever.

27. DISCLAIMER OF LIABILITY

- 27.1 Notwithstanding anything to the contrary and subject to the Act, the Board, the SGS Committee and/or the Company including any Group Company and its directors, officers, employees, agents, affiliates and representatives, shall not, under any circumstance, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising or incurred or suffered in any event in respect of the Scheme, including but not limited to the Company's delay in issuing and allocating the Shares or in applying for or procuring the listing of the Shares on Bursa Securities and/or acquiring of the existing Shares and/or transferring the Shares in accordance with these By-Laws for any reason whatsoever.

DRAFT BY-LAWS (CONT'D)

28. NOTICE

- 28.1 Any legal notice or process (other than Grants) under the Scheme ("**Notice**" or "**Process**") required to be given to or served upon an Eligible Persons or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, by electronic mail, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Persons or Grantee at his place of employment, at his last facsimile transmission number known to the Company, or to his last known address. Any Notice or Process served by hand, by electronic mail, by facsimile, by post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged, (if by electronic mail) the dispatch of the electronic mail without an automatic notification that the email cannot be received by the intended recipient, (if by facsimile transmission) is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, and (if by post) on the day the letter containing the same is posted and in proving such service by post, it shall be sufficient to prove that the letter containing the notice or documents was properly addressed, stamped and posted.
- 28.2 Any Notice or Process required to be given to or served upon the Board or the SGS Committee by an Eligible Person or Grantee shall be given, served or made in writing and delivered by hand or by registered post to the registered office of the Company (or such other office or place which the SGS Committee may have stipulated for this purpose). Any Notice or Process served by hand, or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged and (if by post) five (5) Market Days after postage.
- 28.3 Any Grant to be made and normal correspondence (other than Notice or Process) under the Scheme ("**Normal Correspondence**") to be given to or served upon the Board or the SGS Committee, Eligible Persons or Grantee, as the case may be, shall be given, served or made in writing and delivered by electronic mail and such electronic mail address specified by the Company (if to be given to or served upon the Board or the SGS Committee) or to such last known mailing address provided by the Employee to the Company, the place of employment of the Employee and electronic mail address of the Employee provided by the Company (if to be given to or served upon the Eligible Persons or Grantee) or such communication by other digital means as may be prescribed by the Board and/or the SGS Committee, and shall be deemed to have been received by the recipient (in the case of electronic mail) on the Market Day immediate following the day on which the electronic mail is dispatched or (in the case of post), the day on the third (3rd) Market Day after the date of posting or (in the case of communication by other digital means) on the Market Day immediate following the day on which such communication is effected.
- 28.4 Notwithstanding By-Law 28.3, where any Normal Correspondence is required to be given by the Company or the SGS Committee under these By-Laws in relation to matters which may affect any or all of the Eligible Persons or Grantees, as the case may be, the Company or the SGS Committee may give the Normal Correspondence through an announcement to all Employees to be made in such manner deemed appropriate by the SGS Committee. Upon the making of such an announcement, the Normal Correspondence to be made under By-Law 28.3 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantees, as the case may be.

29. SEVERABILITY

- 29.1 Any term, condition, stipulation, and/or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability, but the same shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and/or provision contained in these By-Laws.

30. ERRORS AND OMISSIONS

- 30.1 If as a result of an error or omission, the SGS Committee discovers or determines that:
- (a) an Eligible Person who was selected as a Grantee has not been given the opportunity to participate in the Scheme on any occasion;

DRAFT BY-LAWS (CONT'D)

- (b) an Eligible Person was erroneously selected as a Grantee; or
- (c) the number of Shares issued or transferred to any Grantee on any occasion is found to be incorrect;

and such error or omission cannot be corrected within the relevant period specified in the Scheme, the SGS Committee may do all such acts and things to rectify such error or omission including, but not limited to, all acts and things to ensure that the Eligible Persons is given the opportunity to participate in the Scheme and/or to withdraw the Grant given to the Employee who was erroneously selected as a Grantee and/or to ensure that the Grantee is credited with the correct number of Shares to which he is entitled to.

31. GOVERNING LAW

- 31.1 The Scheme, these By-Laws, and all Grants made and granted and actions taken under the Scheme shall be governed by and construed in accordance with Malaysian law and the Grantee, by participating in the Scheme in accordance with these By-Laws and terms of the Scheme and the Constitution of the Company, irrevocably submits to the exclusive jurisdiction of the courts in Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these By-laws.
- 31.2 Any proceeding or action shall be instituted or taken in Malaysia and the parties irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.

32. DECISION OF THE BOARD AND/OR THE SGS COMMITTEE

- 32.1 Any decision and/or determination made by the Board and/or the SGS Committee under these By-Laws shall be final and binding on all parties.

33. DELAY IN PERFORMANCE

- 33.1 The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond reasonable control of the Company or the SGS Committee.

34. IMPLEMENTATION OF THE SCHEME

- 34.1 In implementing the Scheme, the SGS Committee may at its sole and absolute discretion decide that the vesting of any SGS Share comprised in a Grant be satisfied by any of the following methods:
 - (a) issuance of new Shares by the Company;
 - (b) acquisition of existing Shares from the Main Market of Bursa Securities;
 - (c) transfer of the Company's treasury shares (if any) or any other method as may be permitted by the Act; or
 - (d) a combination of any methods as stated in By-Laws 34.1(a), (b) and (c) above.

In considering the settlement mode of the Grants as detailed in By-Laws 34.1(a) to (d) above, the SGS Committee will take into consideration, amongst others, factors such as the potential cost arising from the granting of the SGS Shares, the dilutive effects of such issuance on the Company's capital base as well as applicable laws and/or regulatory requirements. The method of settlement to be made by the Company to the Grantee shall be at the discretion of the SGS Committee.

DRAFT BY-LAWS (CONT'D)

- 34.2 For the purpose of facilitating the implementation of the Scheme, the Company and/or the SGS Committee may (but shall not be obliged to) establish a Trust to be administered by the Trustee to be appointed by the Company from time to time in accordance with the Trust Deed. The Trustee shall, at such times as the SGS Committee shall direct, subscribe for and/or purchase the necessary number of Shares to accommodate any transfer of SGS Shares to the CDS Accounts of the Grantees. For this purpose, the Trustee will be entitled from time to time to the extent permitted by law and as set out under these By-Laws to accept funding and/or assistance, financial or otherwise from the Company and/or any Group Companies. The SGS Committee shall have the discretion to instruct the Trustee to subscribe for new Shares and/or acquire existing Shares at any time and from time to time and also to revoke or suspend any such instruction that has earlier been given to the Trustee.
- 34.3 For the purpose of administering the Trust, if and when the Trust is established, the Trustee shall do all such acts and things and enter into any transaction, agreement, deed, document or arrangement and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the SGS Committee may direct for the implementation and administration of the Trust which are expedient for the purpose of giving effect to and carrying out the powers and duties conferred on the Trustee by the Trust Deed.
- 34.4 The SGS Committee shall have power from time to time, at any time, to appoint, rescind or terminate the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed. The SGS Committee shall not be under any obligation to give any reasons for such appointment, rescission or termination. The SGS Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.

35. MULTIPLE SCHEMES

The Company may implement more than one (1) share issuance scheme, provided that the aggregate number of Shares available under all the share issuance schemes do not exceed the maximum number of Shares stipulated in the Listing Requirements or by any other relevant authorities.

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DRAFT BY-LAWS (CONT'D)

SCHEDULE 1**ADJUSTMENT****(a) Consolidation / subdivision**

If and whenever a Share is consolidated or subdivided, the additional number of new Shares relating to the Grant to be issued shall be calculated in accordance with the following formula:

$$\text{Additional number of Shares} = T \times \left[\frac{B}{A} \right] - T$$

where:

A = the aggregate number of issued Shares immediately before consolidation or such subdivision

B = the revised consolidation number of issued Shares immediately after such or subdivision

T = existing number of Shares to be vested

Each such adjustment will be effective from the close of business on the Market Day immediately following the date on which the consolidation or subdivision becomes effective or such other date as may be prescribed by Bursa Securities.

(b) Capitalisation of profits/reserves

If and whenever the Company shall make any issue of new Shares to ordinary shareholders, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature), the additional number of new Shares relating to the Grant to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[\frac{A + B}{A} \right] - T$$

where:

A = the aggregate number of issued Shares on the Entitlement Date immediately before such bonus issue or capitalisation issue;

B = the aggregate number of new Shares to be issued pursuant to any allocation to ordinary shareholders by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature); and

T = as T above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

DRAFT BY-LAWS (CONT'D)

- (c) If and whenever the Company shall make:
- (i) **Capital Distribution**
a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (save and except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets); or
 - (ii) **Rights Issue of Shares**
any offer or invitation to its ordinary shareholders by way of rights pursuant to which they may acquire or subscribe for Shares; or
 - (iii) **Rights issue of convertible shares**
any offer or invitation to ordinary shareholders by way of rights pursuant to which they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares,

and in respect of the case referred to in Section (c)(ii) of this Schedule 1, the number of additional new Shares comprised in the Grant to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[\frac{C}{C-D^*} \right] - T$$

where:

C = the current market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution (as defined below) or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing such announcement) immediately preceding the date of the announcement of the Entitlement Date of the Capital Distribution (as defined below) or, as the case may be, of the offer or invitation or (where appropriate), any relevant date as may be determined by the Company in consultation with the Adviser and the Auditors;

D* = the value of rights attributable to one (1) Share (as defined below); and

For the purpose of definition D* above, the "value of rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where:

C = as C above;

E* = the subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares; and

F* = the number of Shares which it is necessary for a shareholder of the Company to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

T = as T above.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for the above transactions.

For the purpose of this Section (c) of this Schedule 1, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of new Shares (other than an issue falling under Section (b) of this Schedule 1) or other securities by way of capitalisation of profits or reserves (whether of a capital or income nature).

DRAFT BY-LAWS (CONT'D)

Any distribution out of profits or reserves (including any capital redemption reserve fund) made (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated statements of comprehensive income of the Company.

(d) Capitalisation of profits/reserves and rights issue of Shares/convertible securities

If and whenever the Company makes an allocation to its ordinary shareholders as provided in Section (b) of this Schedule 1 and also makes an offer or invitation to its ordinary shareholders as provided in Section (c)(ii) or (c)(iii) in this Schedule 1 and the Entitlement Date for the purpose of the allocation is also the Entitlement Date for the purpose of the offer or invitation, the number of additional new Shares relating to the Grant to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[\frac{(G + H^* + B) \times C}{C(G \times C) + (H^* \times I^*)} \right] - T$$

where:

- B = as B above;
- C = as C above;
- G = the aggregate number of issued Shares on the Entitlement Date;
- H* = the aggregate number of new Shares to be issued pursuant to an offer or invitation to acquire or subscribe for Shares by way of rights;
- I* = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares; and
- T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(e) Rights issue of Shares and rights issue of convertible securities

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided under Section (c)(ii) of this Schedule 1 together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for Shares as provided in Section (c)(iii) of this Schedule 1, the number of additional Shares comprised in the Grant to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[\frac{(G+H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

- C = as C above;
- G = as G above;
- H* = as H* above;
- I* = as I* above; and
- T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

DRAFT BY-LAWS (CONT'D)**(f) Capitalisation of profits/reserves, rights issue of Shares and rights issue of convertible securities**

If and whenever the Company makes an allocation to its ordinary shareholders as provided under Section (b) of this Schedule 1 and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided under Section (c)(ii) of this Schedule 1, together with rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares as provided under Section (c)(iii) of this Schedule 1, and the Entitlement Date for the purpose of the allocation is also the Entitlement Date for the purpose of offer or invitation, the number of additional Shares relating to the Grant to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[\frac{(G + H^* + B) \times}{C(G \times C) + (H^* \times I^*)} \right] - T$$

where:

B	=	as B above;
C	=	as C above;
G	=	as G above;
H*	=	as H* above;
I*	=	as I* above; and
T	=	as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

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FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and that they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries, and to the best of their knowledge and belief, there is no other facts, the omission of which would make any statement in this Circular misleading.

2. CONSENT

KAF IB, as the Principal Adviser to ASB in relation to the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto, where relevant, in the form and context in which they appear.

Newfields Advisors Sdn Bhd, as the financial adviser to ASB in relation to the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto, where relevant, in the form and context in which they appear.

AIS, as the Independent Adviser to ASB in relation to the Proposed Exemption, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular and the Independent Advice Letter of its name and all references thereto, where relevant, in the form and context in which they appear.

3. DECLARATION

KAF IB confirms that it is not aware of any conflict of interest that exist or likely to exist that affect or may affect its ability to act independently and objectively as the adviser in connection with the Proposals.

Newfields Advisors Sdn Bhd confirms that it is not aware of any conflict of interest that exist or likely to exist that affect or may affect its ability to act independently and objectively as the financial adviser in connection with the Proposals.

AIS confirms that it is not aware of any conflict of interest that exist or likely to exist that affect or may affect its ability to act independently and objectively as the independent adviser in connection with the Proposals.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, save as disclosed below, the Board is not aware of any other material commitments incurred or known to be incurred by the ASB Group which, upon becoming due and enforceable, may have a material and adverse impact on the financial results/position of the ASB Group:-

	<u>RM'000</u>
Contracted but not provided for	
- Property, plant and equipment	26,659

As at the LPD, there are no contingent liabilities incurred or known to be incurred by the ASB Group, which upon becoming enforceable, may have a material and adverse impact on the financial results/position of the ASB Group.

FURTHER INFORMATION (CONT'D)

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, ASB Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board has no knowledge of any proceedings pending or threatened against the Group or any facts which are likely to give rise to any proceedings, which may materially and adversely affect the business or financial position of the ASB Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of ASB at Ground Floor, Synergy 9, 9 Jalan Kajibumi U1/70, Temasya Glenmarie, 40150 Shah Alam, Selangor, Malaysia during ordinary business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- (a) the Constitution of the Company;
- (b) the audited consolidated financial statements of ASB Group for FYE 2020 and FYE 2021;
- (c) the unaudited consolidated financial statements of ASB for FPE 2022;
- (d) the letters of consent and conflict of interests referred to in Section 2 and Section 3 respectively of this Appendix II; and
- (e) the draft By-Laws in relation to the Proposed SGS.

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ADVANCE SYNERGY BERHAD
(Registration No.: 192001000024 (1225-D))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Advance Synergy Berhad (“**ASB**” or “**Company**”) will be held and conducted by way of virtual meeting entirely through live streaming and online remote voting via the Remote Participation and Voting (“**RPV**”) Facilities from the Dvote Online operated by Dvote Services Sdn Bhd at the Board Room, Ground Floor, Synergy 9, 9 Jalan Kajibumi U1/70, Temasya Glenmarie, 40150 Shah Alam, Selangor, Malaysia (“**Webcast Venue**”) via the link at <https://www.DigitizeVote.my> on Friday, 29 July 2022 at 10:00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following ordinary resolutions, with or without any modifications:-

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,858,389,886 NEW ORDINARY SHARES IN ASB (“RIGHTS SHARES”) ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN ASB (“ASB SHARE”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)

“**THAT**, subject to the passing of Ordinary Resolution 2 and the approvals of all relevant authorities and/or parties (if required) being obtained, the Board of Directors of ASB (“**Board**”) be and is hereby authorised to:-

- (i) provisionally allot and issue up to 1,858,389,886 Rights Shares on the basis of two (2) Rights Shares for every one (1) ASB Share held by the shareholders of the Company (“**Entitled Shareholders**”) whose names appear in the Record of Depositors at the close of business on an entitlement date to be determined later and/or their renounee(s)/transferee(s); and
- (ii) determine the issue price of the Rights Shares after all relevant approvals have been obtained for the Proposed Rights Issue;

THAT any unsubscribed Rights Shares shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s)/transferee(s) as it is the intention of the Board to allocate the excess Rights Shares on a fair and equitable manner and on a basis to be determined by the Board and announced later by the Company;

THAT the Rights Shares shall, upon allotment and issue, rank equally in all respects with the then existing ASB Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment and issuance of Rights Shares;

THAT the proceeds of the Proposed Rights Issue to be utilised for the purposes as set out in Section 3.0, Part A of the circular to the shareholders of ASB in relation to the Proposed Rights Issue, Proposed Exemption (as defined herein) and Proposed SGS (as defined herein) dated 30 June 2022 (“**Circular**”), and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject to the approval of the relevant authorities (where required);

AND THAT any one director of ASB be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Rights Issue with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as he/she may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue.”

ORDINARY RESOLUTION 2

PROPOSED EXEMPTION FOR DATO' AHMAD SEBI BAKAR ("DASB") AND THE PERSONS ACTING IN CONCERT WITH HIM, NAMELY SUASANA DINAMIK SDN BHD, BRIGHT EXISTENCE SDN BHD, ARYATI SASYA DATO' AHMAD SEBI ("ARYATI SASYA"), ANTON SYAZI DATO' AHMAD SEBI ("ANTON SYAZI") AND EIGHTH REVIEW (M) SDN BHD (COLLECTIVELY KNOWN AS THE "PACS"), UNDER SUBPARAGRAPH 4.08(1)(B) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ("RULES") FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR THE REMAINING ASB SHARES NOT ALREADY OWNED BY THEM ("MANDATORY OFFER"), UPON THE COMPLETION OF THE PROPOSED RIGHTS ISSUE ("PROPOSED EXEMPTION")

"THAT subject to the passing of Ordinary Resolution 1 and the approval being obtained from the Securities Commission Malaysia ("SC") and all other relevant authorities, where relevant, and compliance with the Rules, approval be and is hereby given for the proposed exemption to DASB and the PACs under subparagraph 4.08(1)(b) of the Rules from the obligation to undertake a Mandatory Offer, upon the completion of the Proposed Rights Issue;

AND THAT any one director of ASB (save for DASB, Aryati Sasya and Anton Syazi) be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Exemption with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as he/she may consider necessary or expedient to implement, finalise and give full effect to the Proposed Exemption."

ORDINARY RESOLUTION 3

PROPOSED ESTABLISHMENT OF A SHARE GRANT SCHEME ("SCHEME") OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF ASB (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT OF TIME DURING THE DURATION OF THE SCHEME FOR THE ELIGIBLE DIRECTOR(S) OF ASB AND/OR EMPLOYEE(S) OF ASB AND ITS SUBSIDIARIES ("ASB GROUP") (EXCLUDING SUBSIDIARY(IES) LISTED ON ANY STOCK EXCHANGE AS WELL AS ITS GROUP OF COMPANIES, AND ANY DORMANT SUBSIDIARY(IES) OF THE ASB GROUP) ("PROPOSED SGS")

"THAT subject to the approvals of all relevant authorities and/or parties (where applicable) being obtained, and to the extent permitted by law and the Constitution of the Company, approval be and is hereby given to the Board to:-

- (i) establish, implement and administer the Proposed SGS which involves the granting of new ASB Shares ("SGS Shares") to the eligible director(s) of the Company and/or employee(s) of ASB Group (excluding subsidiary(ies) listed on any stock exchange as well as its group of companies, and any dormant subsidiary(ies) of the ASB Group) who meet the eligibility criteria for participation in the Proposed SGS ("Eligible Persons") ("Grantees"), in accordance with the provisions of the by-laws governing the Proposed SGS ("By-Laws"), a draft of which is set out in Appendix I of the Circular;
- (ii) allocate and grant SGS Shares as well as issue and/or transfer such number of ASB Shares to the Eligible Persons pursuant to the vesting of the SGS Shares granted, provided that the maximum number of ASB Shares which may be made available under the Scheme shall not in aggregate exceed ten percent (10%) of the total number of issued shares of ASB (excluding treasury shares, if any) at any point of time during the duration of the Scheme;
- (iii) the new SGS Shares to be issued and/or transferred from treasury shares (as the case may be) to the Grantees pursuant to the Scheme will, upon allotment and issuance, rank equally, in all respects with the then existing ASB Shares, save and except that the new SGS Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distributions which may be declared, made or paid, where the entitlement date of which is before the date of issuance and/or transfer of abovementioned SGS Shares;

- (iv) if and when required, establish a trust to be administered by the trustee to be appointed by the Company (“**Trustee**”) from time to time in accordance with the trust deed to be entered into between the Company and the Trustee, and the Trustee shall, at such time as the committee to be established to implement and administer the Proposed SGS (“**SGS Committee**”) shall direct, subscribe for and/or purchase the necessary number of ASB Shares, to accommodate any transfer of SGS Shares to the Central Depository System’s accounts of the Grantees established by Bursa Malaysia Depository Sdn Bhd, and be entitled from time to time to the extent permitted by law and as set out under the By-Laws to accept funding and/or assistance, financial or otherwise from the Company and/or any companies within ASB Group; and
- (v) approve and adopt the By-Laws, and subject to the By-Laws and compliance with the Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of any other authorities (if required), the SGS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall at its discretion think fit, and the Board shall have the power from time to time by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation;

AND THAT any one Director of ASB be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed SGS with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as he/she may consider necessary or expedient to implement, finalise and give full effect to the Proposed SGS.”

BY ORDER OF THE BOARD

HO TSAE FENG (MAICSA 7028522)

Company Secretary

Selangor

30 June 2022

Notes:-

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 July 2022 at 5.00 p.m., (General Meeting Record of Depositors), shall be entitled to attend, speak and vote at the EGM.*
2. *The EGM will be conducted by way of virtual meeting entirely through live streaming and online remote voting via the RPV Facilities from the Dvote Online operated by Dvote Services Sdn Bhd via the link at <https://www.DigitizeVote.my>. No member or proxy should be physically present at the Webcast Venue. If a member is not able to participate via the virtual meeting, the member can appoint the Chair of the meeting or such other person(s) as proxy(ies) and indicate the voting instructions in the proxy form. The appointment of proxy may be done in the manner as detailed below. Please follow the procedures in the enclosed Administrative Guide in order to register, participate and vote remotely via the RPV Facilities.*
3. *A member of the Company entitled to attend, speak and vote at the EGM is entitled to appoint a proxy or proxies to exercise all or any of his/her rights to attend, speak and vote on a show of hands or by poll on any question at the EGM. A proxy need not be a member.*
4. *A member of the Company may appoint at least one (1) proxy but not more than two (2) proxies to attend, speak and vote in his/her stead. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the said securities account. If a member appoints more than one (1) proxy, they must specify the proportion of the member’s shareholdings to be represented by each proxy.*

*Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

5. *The instrument appointing a proxy in the case of an individual must be signed by the individual or an attorney who is authorised to act on behalf of the individual and in the case of a corporation, the instrument appointing a proxy must be sealed with the corporation's common seal or signed by an officer of the corporation or an attorney who is authorised to act on behalf of the corporation.*
6. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) shall be deposited at the Registered Office of the Company at Ground Floor, Synergy 9, 9 Jalan Kajibumi U1/70, Temasya Glenmarie, 40150 Shah Alam, Selangor, Malaysia not less than 48 hours before the time appointed for holding the EGM or any other adjournment thereof, either (a) by hand or post; or (b) electronically via email to Dvoteservice@gmail.com.*

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”) and (ii) warrants and agrees that where the member discloses the personal data of the members' proxy(ies) and/or representative(s) for the Purposes, the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



ADVANCE SYNERGY BERHAD
("COMPANY")
(Registration No.: 192001000024 (1225-D))
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR THE VIRTUAL EXTRAORDINARY GENERAL MEETING ("EGM")

Day/Date : Friday, 29 July 2022

Time : 10:00 a.m.

Webcast Venue : Board Room, Ground Floor, Synergy 9, 9 Jalan Kajibumi U1/70, Temasya Glenmarie, 40150 Shah Alam, Selangor, Malaysia.

Meeting Platform : Dvote Online website at <https://www.DigitizeVote.my>

Entitlement to participate and vote at the EGM

Only members whose names appear in the Record of Depositors on 15 July 2022 at 5:00 p.m., shall be entitled to participate, speak and vote at this virtual meeting.

The EGM will be conducted by way of virtual meeting entirely through live streaming and online remote voting. **No member or proxy shall be allowed to be physically present at the Webcast Venue.**

Members who wish to participate in the virtual EGM will have to register and attend remotely using the Remote Participation and Voting ("**RPV**") Facilities.

If a member is not able to participate via the virtual EGM but wishes to vote, the member must appoint the Chair of the meeting or such other person(s) as proxy(ies) and indicate the voting instructions in the proxy form.

The proxy form with the proxy's **email address and mobile phone number** must be deposited at the Registered Office of the Company at Ground Floor, Synergy 9, 9 Jalan Kajibumi U1/70, Temasya Glenmarie, 40150 Shah Alam, Selangor, Malaysia **not less than 48 hours** before the time appointed for holding the meeting or any other adjournment thereof either (a) by hand or post; or (b) electronically via email to Dvoteservice@gmail.com.

Kindly follow the steps below to ensure that you or your proxy(ies) is/are able to participate at the EGM online.

If a member wishes to participate in the virtual EGM personally, please do not submit any proxy form. Member will not be allowed to participate in the EGM together with the proxy appointed.

A member who has submitted proxy form and subsequently decide to appoint another person to be the proxy(ies) or wish to participate in the virtual EGM personally, please email to tsaefeng@asb.com.my to revoke the earlier appointed proxy **at least 48 hours** before the time for holding the meeting or any adjournment thereof.

Members or proxies may use the [Question] box to submit question(s) in real time during the meeting. Members may also submit questions **at least 72 hours** before the meeting to tsaefeng@asb.com.my in relation to the agenda items for the EGM. The Chair and management will respond to their best endeavours, questions submitted by members or proxies which relate to the matters in the agenda items of the EGM.

The outcome of the EGM will be announced to the Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on the same day after the meeting is concluded and the announcement shall be available on the website of the Bursa Securities and the Company. Minutes of the EGM will be circulated to shareholders by posting on the Company’s website no later than 30 business days after the EGM.

Voting Procedure

The voting at the virtual EGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Securities.

The Company has appointed Dvote Services Sdn Bhd (“**Dvote**”) as Poll Administrator to conduct the poll by way of electronic voting or online remote voting (“**e-voting**”).

Kindly refer to item (2) below of the Procedures for RPV Facilities for guidance on how to vote remotely from Dvote Online website at <https://www.DigitizeVote.my>.

During the virtual EGM, the Chair of the Meeting will invite the Poll Administrator to brief on the e-Polling housekeeping rules. The voting session will commence as soon as the Chair of the Meeting calls for the poll to be opened and until such time when the Chair of the Meeting announces the closure of the poll.

For the purposes of the virtual EGM, e-voting will be carried out via personal smart mobile phones, tablets or personal computers/laptops.

Upon the conclusion of the poll session, the Scrutineers will verify the poll results followed by the declaration by the Chair of the Meeting whether the resolutions put to vote were successfully carried or not.

Kindly follow the steps below on how to register, request for login ID and password:-

1. REMOTE PARTICIPATION AND E-VOTING FACILITIES

Members are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “**Participate**”) remotely at the virtual EGM using RPV Facilities provided by Dvote via its Dvote Online website at <https://www.DigitizeVote.my>. Please refer to Procedures for RPV Facilities.

2. PROCEDURES FOR RPV FACILITIES

Member(s)/proxy(ies)/corporate representative(s)/attorney(s) who wish to participate in the virtual EGM remotely using the RPV Facilities are to follow the requirements and procedures as summarised below:-

BEFORE MEETING DAY		
A. USER REGISTRATION		
	Procedure	Action
(a)	Sign-up as a user with Dvote Online	<p><i>Note: If you are already a user with Dvote Online, you are not required to sign-up again. You may proceed to sign-in using your email address and password.</i></p> <ul style="list-style-type: none"> • Access the website at https://www.DigitizeVote.my. • Click on [Sign up] to register as a new user with Dvote Online. • Complete registration and upload softcopy of Malaysia Identification Card (front and back) or Passport (foreigner(s)). <p>You will be notified via email once your user registration is accepted/rejected by Dvote Online.</p>

BEFORE MEETING DAY		
A. USER REGISTRATION		
	Procedure	Action
(b)	Register Meeting with Dvote Online	<ul style="list-style-type: none"> • Registration for Remote Participation will remain open from 19 July 2022 until the commencement of the polling during the virtual EGM. • Login to https://www.digitizevote.my/Identity/Account/Login with your user ID (i.e.: email address) and password. • Select event: “Advance Synergy Berhad - EGM” and click [Register]. • You will receive an email notifying on your registration for the remote participation and verification. • Once your registration has been verified against the Record of Depositors as at 15 July 2022, you will be notified via email whether your request for remote participation is approved/rejected. • If approved, you will receive an invitation email together with the meeting link to [Join Meeting].

ON THE DAY OF EGM		
	Procedure	Action
(a)	Join Meeting via Live Streaming	<ul style="list-style-type: none"> • Click on [Join Meeting] link in the invitation email and you will be directed to the live streaming room. • You are advised to login early, at least 20 minutes, before the Meeting time.
(b)	Post Questions during Live Streaming	<ul style="list-style-type: none"> • If you have any question(s) for the Board of Directors, you may use the [Question] box to transmit your question(s).
(c)	Online Voting during Live Streaming	<ul style="list-style-type: none"> • Click on [Vote], to cast your votes for each resolution(s). • Review your casted votes, confirm and submit your votes.
(d)	End of remote participation	<ul style="list-style-type: none"> • Upon the announcement by the Chair on the closure of the EGM, the live streaming room will end.

Notes to users of the RPV Facilities:-

- The quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection at the location of the user and the device of the user.
- Users are advised to afford themselves ample time to complete the log in process in advance of the meeting.
- In the event you encounter any issues with logging-in, connection to live streamed meeting or online voting on the meeting day, kindly call 603-22766138 and/or email to Dvoteservice@gmail.com for assistance.

3. APPOINTMENT OF PROXY(IES)/CORPORATE REPRESENTATIVE(S)/ATTORNEY(S)

A member who has appointed a proxy(ies)/authorised representative(s) /attorney(s) to participate in the virtual EGM via RPV Facilities must request his/her proxy(ies)/ authorised representative(s)/ attorney(s) to register himself/herself for RPV Facilities via Dvote Online website at <https://www.DigitizeVote.my>.

No door gifts/ vouchers

No door gift(s) or e-voucher(s) will be distributed to member(s)/proxy(ies) who participate in the EGM.

Participation through live streaming and voting at the EGM

Please note that no recording or photography of the EGM proceedings is allowed without the prior written permission of the Company.

Communication guidance

Members are reminded to monitor the Company's website or announcements from time to time for any changes to the EGM arrangements.

The Company seeks the understanding and cooperation of all members to minimise the risk of community spread of COVID-19.

Enquiry

If you have any enquiry(ies) relating to the EGM, Administrative Guide for the virtual EGM, RPV Facilities or encounters issues with the log in, steps to connect to Live Streaming and online voting, you may send them in advance or contact the following during office hours from Monday to Friday (except for public holiday):-

For Agenda of the EGM related:

Email : tsaefeng@asb.com.my

For Pre-Registration via RPV Facilities:

DVOTE SERVICES SDN BHD
Lot 9-7, Menara Sentral Vista
No. 150, Jalan Sultan Abdul Samad
Brickfield, 50470 Kuala Lumpur

Name : Ms Sangetha / Mr Hugo
Telephone No. : 603-2276 6138
Email : Dvoteservice@gmail.com

Consent to the use of personal data

By registering for the Dvote Online registration facilities and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the collection, use and disclosure of his/her personal data for purposes of processing and administration by the Company or its agents and to comply with any governing laws, listing rules, regulations and/or guidelines and agreed to the Personal Data Privacy terms set out in the Notice of EGM dated 30 June 2022.

I/We* _____ NRIC/ Passport/ Registration No. _____
 (name of shareholders as per NRIC, in capital letters)

of _____
 (full address)

Email Address: _____ Contact No. _____

being a member/members* of ADVANCE SYNERGY BERHAD, hereby appoint:

Full Name in block letters	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

and/or*

Full Name in block letters	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

You are required to fill in the contact no. and email address in order to participate the Extraordinary General Meeting (“EGM”), otherwise, we are unable to register you as the participant of the meeting.

or failing him/her*, the Chair of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the EGM of the Company to be conducted by way of virtual meeting entirely through live streaming and online remote voting via the Remote Participation and Voting (“RPV”) Facilities from the Dvote Online operated by Dvote Services Sdn Bhd at the Board Room, Ground Floor, Synergy 9, 9 Jalan Kajibumi U1/70, Temasya Glenmarie, 40150 Shah Alam, Selangor, Malaysia (“Webcast Venue”) via the link at <https://www.DigitizeVote.my> on Friday, 29 July 2022 at 10:00 a.m. or any adjournment thereof and thereat to vote as indicated below:

Please indicate with (✓) how you wish to cast your vote. If neither “FOR” nor “AGAINST” is indicated, the proxy will vote or abstain from voting at his/her discretion.

RESOLUTIONS	FOR	AGAINST
ORDINARY RESOLUTION 1 - PROPOSED RIGHTS ISSUE		
ORDINARY RESOLUTION 2 - PROPOSED EXEMPTION		
ORDINARY RESOLUTION 3 - PROPOSED SGS		

* Strike out whichever is not desired.

 Signature or Common Seal of Member(s)

Dated this _____ day of _____ 2022

CDS account no.
No. of shares held

Notes:-

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 July 2022 at 5.00p.m. (General Meeting Record of Depositors), shall be entitled to attend, speak and vote at the EGM.
- The EGM will be conducted by way of virtual meeting entirely through live streaming and online remote voting via the RPV Facilities from the Dvote Online operated by Dvote Services Sdn Bhd via the link at <https://www.DigitizeVote.my>. No member or proxy should be physically present at the Webcast Venue. If a member is not able to participate via the virtual meeting, the member can appoint the Chair of the meeting or such other person(s) as proxy(ies) and indicate the voting instructions in the proxy form. The appointment of proxy may be done in the manner as detailed below. Please follow the procedures in the enclosed Administrative Guide in order to register, participate and vote remotely via the RPV Facilities.
- A member of the Company entitled to attend, speak and vote at the EGM is entitled to appoint a proxy or proxies to exercise all or any of his/her rights to attend, speak and vote on a show of hands or by poll on any question at the EGM. A proxy need not be a member.
- A member of the Company may appoint at least one (1) proxy but not more than two (2) proxies to attend, speak and vote in his/her stead. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the said securities account. If a member appoints more than one (1) proxy, they must specify the proportion of the member’s shareholdings to be represented by each proxy.

Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

- The instrument appointing a proxy in the case of an individual must be signed by the individual or an attorney who is authorised to act on behalf of the individual and in the case of a corporation, the instrument appointing a proxy must be sealed with the corporation’s common seal or signed by an officer of the corporation or an attorney who is authorised to act on behalf of the corporation.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) shall be deposited at the Registered Office of the Company at Ground Floor, Synergy 9, 9 Jalan Kajibumi U1/70, Temasya Glenmarie, 40150 Shah Alam, Selangor, Malaysia not less than 48 hours before the time appointed for holding the EGM or any other adjournment thereof, either (a) by hand or post; or (b) electronically via email to Dvoteservice@gmail.com.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 30 June 2022.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Secretary

ADVANCE SYNERGY BERHAD

Ground Floor, Synergy 9
9 Jalan Kajibumi U1/70
Temasya Glenmarie
40150 Shah Alam
Selangor, Malaysia

1st fold here
