

# OTHERS ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR "COMPANY") JOINT VENTURE CUM SHAREHOLDERS' AGREEMENT ENTERED BETWEEN ADVANCECON VENTURES SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF ADVANCECON, WITH CLQ SILVERVALLEY SDN. BHD., AN INDIRECT-WHOLLY-OWNED SUBSIDIARY AND PERAK EQUITY SDN. BHD.

## ADVANCECON HOLDINGS BERHAD

Type	Announcement
Subject	OTHERS
Description	ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR "COMPANY") JOINT VENTURE CUM SHAREHOLDERS' AGREEMENT ENTERED BETWEEN ADVANCECON VENTURES SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF ADVANCECON, WITH CLQ SILVERVALLEY SDN. BHD., AN INDIRECT-WHOLLY-OWNED SUBSIDIARY AND PERAK EQUITY SDN. BHD.

The Board of Directors of Advancecon ("**the Board**") wishes to announce that Advancecon Ventures Sdn. Bhd. ("**AVSB**"), a wholly-owned subsidiary and CLQ Silvervalley Sdn. Bhd. ("**JV Company**"), an indirect wholly-owned subsidiary had on 15 July 2024 entered into a Joint Venture ("JV") Cum Shareholders' Agreement ("**Agreement**") with Perak Equity Sdn. Bhd. ("**PESB**") to regulate the rights and obligations between AVSB and PESB as Shareholders in the JV Company based on their respective Shareholders' Proportions as contributed in the JV Company for the development, construction, operation and maintenance of Centralised Labour Quarters ("CLQ") on suitable Strategic Locations land/building and Additional Locations land/building within the State of Perak Darul Ridzuan and manage the operations of two (2) apartment building blocks, namely Asrama Murni Block A and Asrama Murni Block B which were upgraded and refurbished by Advancecon into dormitory styled accommodation and converted into CLQ (collectively referred to as the "Asrama Murni A&B Project"), in accordance to the terms and conditions as set out in the Agreement. ("Proposed Joint Venture").

(collectively referred to as the "**Parties**", and individually the "**Party**").

Please refer to the attachment for further details.

This announcement is dated 15 July 2024.

Please refer attachment below.

### Attachments

[Advancecon - JV Shareholders Agreement \\_to bursa.pdf](#)  
118.7 kB

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### Announcement Info

Company Name	ADVANCECON HOLDINGS BERHAD
Stock Name	ADVCON
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Category

General Announcement for PLC

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AN INDIRECT-WHOLLY-OWNED SUBSIDIARY AND PERAK EQUITY SDN.  
BHD.**

## **1. Introduction**

The Board of Directors of Advancecon ("**the Board**") wishes to announce that Advancecon Ventures Sdn. Bhd. ("**AVSB**"), a wholly-owned subsidiary and CLQ Silvervalley Sdn. Bhd. ("**JV Company**"), an indirect wholly-owned subsidiary had on 15 July 2024 entered into a Joint Venture ("JV") Cum Shareholders' Agreement ("**Agreement**") with Perak Equity Sdn. Bhd. ("**PESB**") to regulate the rights and obligations between AVSB and PESB as Shareholders in the JV Company based on their respective Shareholders' Proportions as contributed in the JV Company for the development, construction, operation and maintenance of Centralised Labour Quarters ("CLQ") on suitable Strategic Locations land/building and Additional Locations land/building within the State of Perak Darul Ridzuan and manage the operations of two (2) apartment building blocks, namely Asrama Murni Block A and Asrama Murni Block B which were upgraded and refurbished by Advancecon into dormitory styled accommodation and converted into CLQ (collectively referred to as the "Asrama Murni A&B Project"), in accordance to the terms and conditions as set out in the Agreement. ("Proposed Joint Venture").

(collectively referred to as the "**Parties**", and individually the "**Party**").

## **2. Details of Proposed Joint Venture**

Pursuant to a Collaboration Agreement dated 10 November 2022 and an Addendum to the Collaboration Agreement dated 31 May 2023 both executed by Perbadanan Kemajuan Negeri Perak ("**PKNPK**") and Advancecon, two apartment building blocks, namely Asrama Murni Block A and Asrama Murni Block B constructed on land held under PT No. 113151 and PT No. 134871 measuring approximately 4.613 acres located at Jelapang Ipoh, District of Kinta, State of Perak (hereinafter referred to as the "Pilot Project Land") were upgraded and refurbished by Advancecon into dormitory styled accommodation and converted into CLQ in line with the provisions of the Workers' Minimum Standard of Housing and Amenities Act, 1990 ("CLQ"). PKNPK is the registered proprietor of the Pilot Project Land.

AVSB and PESB have agreed to jointly undertake the development, construction, operation, management and maintenance of CLQs on suitable Strategic Locations land/building and the Additional Locations land/building and manage operations of Asrama Murni A&B Project (collectively referred to as the "JV Project") subject to the

terms and conditions as stipulated in the Agreement. The JV Project shall be undertaken by the JV Company.

### **3. Information on the Parties**

#### **3.1. Perbadanan Kemajuan Negeri Perak ("PKNPk")**

PKNPk, the holding corporation of PESB, is a body corporate established under the Perak State Corporation Enactment 1967 and having its principal place of business at No. 1-A, Block A, Menara PKNP, Jalan Meru Casuarina, Bandar Meru Raya, 30020 Ipoh, Perak Daruk Ridzuan.

#### **3.2. Perak Equity Sdn. Bhd. ("PESB")**

PESB was incorporated on 19 October 1993 as a private company limited by shares and having its registered address at Aras 7, No.1-A, Blok A, Menara PKNP, Jalan Meru Casuarina, Bandar Meru Raya, 30020 Ipoh, Perak.

PESB is a wholly-owned subsidiary of PKNPk. PESB has a total issued share capital of RM1,500,002.00 comprising 1,500,002 ordinary shares and is principally an investment holding company.

The directors of PESB are as follows:

<b>Name of directors</b>
1. Datuk Redza Rafiq Bin Abdul Razak
2. Aziatun Azni Binti Abd Samat

#### **3.3 Advancecon Ventures Sdn. Bhd. ("AVSB")**

AVSB was incorporated on 1 July 2022 as a private company limited by shares and having its registered address at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur.

AVSB is a wholly-owned subsidiary of Advancecon. AVSB has an issued share capital of RM2.00 comprising 2 ordinary shares and is principally involved in contracting in all types of construction works and other related business.

The director of AVSB is Dato' Phum Ang Kia.

### **4. Information on JV Company, CLQ Silvervalley Sdn. Bhd.**

The JV Company was incorporated on 30 May 2022 as a private company limited by shares and having its registered address at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur.

As at the date of this announcement, the JV Company is a wholly-owned subsidiary of AVSB.

The JV Company has an issued share capital of RM10.00 comprising 10 ordinary shares and is principally involved in business related to owner of workers' dormitory and/or provision of business related to dormitory accommodation services and other related business.

The current directors of the JV Company are Dato' Phum Ang Kia and Dato' Neoh Soon Hiong.

## **5. Salient Terms of the Agreement**

### **5.1 Business of the JV Company**

The business of the JV Company:

- (a) to act as the joint venture vehicle between PESB and AVSB to undertake the JV Project and to undertake any other business as determined by the Shareholders in line with the Agreement.
- (b) shall be conducted in the best interest of the Parties on sound commercial profit-making principles so as to generate the maximum achievable and sustainable profits available for distribution; and
- (c) may be carried out by the JV Company itself at offices or other premises as the Board may decide from time to time.

The Parties shall use their best endeavour to promote the business of the JV Company and the JV Company shall draw up a comprehensive marketing plan and strategy whenever required.

### **5.2 Obligations and Covenants of the Parties**

AVSB shall be responsible to undertake and perform the following under the Agreement:

- (a) to conduct the feasibility studies to determine the suitability of each of the Strategic Locations land/building and the Additional Locations land/building for the purpose of the JV Project and thereafter submit the respective suitability report to PESB;
- (b) shall be responsible to take charge of securing the relevant expertise, equipment and materials in relation to the JV Project;
- (c) shall be responsible to conduct the research and survey with industry players and/or industrial manufacturers in the State of Perak to determine their requirements and needs relating to the JV Project;
- (d) shall on best endeavour basis, ensure that the Strategic Locations land/building and the Additional Locations land/building so identified are developed and/or utilized into CLQs for the purpose of the JV Project;
- (e) shall cause Advancecon, based on the terms and conditions as stipulated in the Agreement, to issue the corporate guarantee in favour of PESB; and;

- (f) shall cause Advancecon, based on the terms and conditions as stipulated in the Agreement, to issue the corporate guarantee in favour of PKNPk ("Guarantee for Consent to Charge") for the creation of third-party legal charge stated below;

PESB shall be responsible to undertake and perform the following under the Agreement:

- (a) subject to the receipt of the suitability report from Advancecon, PESB shall secure from PKNPk the Strategic Locations land/building and the Additional Locations land/building within the timing as stated in the Agreement and cause PKNPk to execute the option to acquire agreement with the JV Company;
- (b) shall be responsible to procure PKNPk's consent for the creation of third-party legal charge on the title of any of the Strategic Locations land/building or the Additional Locations land/building as security for any loan granted to the JV Company by a licensed financial institution strictly for financing the development of the JV Project subject to the procurement of the Guarantee for Consent to Charge is obtained from Advancecon;
- (c) where the land has not been registered in the name of the JV Company and where applicable, PESB shall cause PKNPk to submit the relevant application for renewal of the leasehold period for any of the Strategic Locations land/building or Additional Locations land/building;
- (d) it shall procure PKNPk to execute and submit to the relevant Authorities instruments and documents necessary to transfer ownership of the lands identified in the notice to transfer to the JV Company provided all the terms and/or conditions in the respective option to acquire agreement has been satisfied;
- (e) it shall assist the JV Company and where applicable procure PKNPk to submit and obtain the necessary appropriate approvals from the authorities relating to the JV Project;
- (f) it shall facilitate engagement by the JV Company with industry players and/or industrial manufacturers in the State of Perak to determine the requirements and needs relating to provision of CLQs to be constructed pursuant to the JV Project; and
- (g) subject always to the terms and conditions as stipulated in the Agreement, it shall procure PKNPk to not dispose, lease or otherwise deal with the Strategic Locations land/building and/or Additional Locations land/building, as the case may be.

The JV Company shall be responsible to undertake and perform the following under the Agreement:

- (a) to carry out the implementation and completion of the JV Project, and conduct its affairs in relation thereto in a proper and efficient manner;
- (b) to comply strictly and expeditiously with the provisions of the Agreement;

- (c) to conduct the management and operations of the JV Company in accordance with the policies set out herein or laid down from time to time by the board and are consistent with the provisions of the Agreement;
- (d) to keep full and proper accounting records relating to the business, undertaking and affairs of the JV Company and which records shall be made available for inspection by the Shareholders during regular office hours provided reasonable prior notice has been given to the JV Company;
- (e) to prepare annual accounts in accordance with generally accepted accounting principles in Malaysia and in compliance with all applicable legislation in respect of each accounting reference period, and procure such accounts to be audited as soon as practicable and as required under the relevant legislation, and thereafter, supply copies of the same to the Shareholders immediately upon their issuance;
- (f) to do all that the Auditor may reasonably require in respect of the keeping of records and accounts and to provide the Auditor with all such information and explanations as may be reasonably required and assist the Auditor in all reasonable ways;
- (g) to diligently submit application for all approvals, consents, permits and/or licenses to the relevant Authorities for the change in the category of land use and the "Syarat-Syarat Nyata" to enable the JV Company to conduct commercial activities on the Pilot Project Land, Strategic Locations land/building and/or the Additional Locations land/building and to maintain such approvals and licences;
- (h) to prepare and provide to each of the Directors monthly management accounts and operating statistics and such other financial information in such form as the Board may agree to keep the Shareholders properly and sufficiently informed of the business of the JV Company;
- (i) to ensure the net profit or loss of the JV Company are distributed or borne by the Shareholders as per their respective Shareholding Proportions in the manner and time as dictated by the board of directors of the JV Company. For avoidance of doubt, the Shareholders shall be solely responsible for its own tax liability on its share of profits;
- (j) to carry out and complete the implementation of the JV Project and to procure all Appropriate Approvals expeditiously;
- (k) to adopt an accounting reference date of 1 January and ending on 31 December of each calendar year; and
- (l) to ensure that all provisions of the Companies Act, 2016 has been and will continue to be complied with specifically in relation to provision(s) regarding direct and/or indirect financial assistance to any person(s) in dealing with the shares of the JV Company.

### **5.3 Shareholding Proportions in JV Company**

The JV Company has an issued and paid up capital of RM10.00, comprising 10 ordinary shares of Ringgit Malaysia One (RM1.00) only per share all fully paid. Within ten (10) Business Days from the date of the Agreement, the JV Company shall cause AVSB to sell and transfer to PESB three (3) units of ordinary shares at the total consideration of Ringgit Malaysia Three (RM3.00) equivalent to Ringgit Malaysia One (RM1.00) only per share, in the following proportion:

<b>Shareholders</b>	<b>No. of ordinary shares</b>	<b>Shareholding Proportions</b>
AVSB	7	70%
PESB	3	30%
<b>Total</b>	<b>10</b>	<b>100%</b>

For the avoidance of doubt, the Shareholding Proportions shall remain unchanged for the duration of the Agreement. The aforesaid assertion is an undertaking and covenant and the effect of which is central to the spirit of the Agreement.

The Shareholding Proportions by AVSB and PESB shall be made in the following manner:-

- (a) By AVSB:
  - (i) the costs and expenses incurred from the JV Project; and
  - (ii) via cash injection.
- (b) By PESB, shall be in the form of the Pilot Project Land, the Strategic Locations land/building and Additional Locations land/building transferred to the JV Company pursuant to the respective notice to transfer.

### **5.4 Board of Directors of JV Company**

The board of directors of the JV Company shall comprise up to five (5) directors of whom:

- (a) AVSB shall be entitled to nominate three (3) directors and their respective alternate directors;
- (b) PESB shall be entitled to nominate two (2) directors and their respective alternate directors.

The board shall be responsible for the overall policy and the conduct of the business, affairs and operations of the JV Company except to the extent of applicable laws and regulations, the Constitution of the JV Company and the Agreement and shall allocate responsibility over any particular matter to any of its members or officers or otherwise.



## **6. Estimated Financial Commitment**

The estimated refurbishment work costs for Asrama Murni A&B is Ringgit Malaysia Three Million Nine Hundred Ninety-Seven Thousand Ninety-Nine and Sen Thirty-Four (RM3,997,099.34) only and shall be considered as AVSB's contribution towards its Shareholding Proportions.

AVSB will fund its investment in the Proposed JV through its internally generated funds and/or bank financing.

## **7. Rationale for the Proposed Joint Venture**

The rationale for the Proposed Joint Venture is to enable the JV Company to leverage both companies' strengths in the construction and development industry. By capitalizing on synergies and opportunities, this partnership is expected to contribute positively to the revenue as well as recurring income stream for Advancecon in the mid- to long-term, driving its next phase of growth.

## **8. Financial Effects of the Proposed Joint Venture**

The Proposed Joint Venture is not expected to have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholdings of the Company for the financial year ending 31 December 2024.

Barring any unforeseen circumstances, the Proposed Joint Venture is expected to contribute positively to the Company's consolidated earnings per share and net assets per share in the future.

## **9. Risk Factors**

Advancecon does not foresee any exceptional risk other than the normal operational risks associated with collaborations with Joint Venture partners. The Board believes that the experience and expertise of its management team will enable the Company to mitigate these risks effectively.

## **10. Interests of the Directors, Major Shareholders, Chief Executive and Persons connected with them**

None of the Directors and major shareholders of the Company, and/or persons connected with them has any direct or indirect interests in the Proposed Joint Venture.

## **11. Statement by Directors**

The Board, having reviewed and considered the terms and conditions of the Agreement, is of the opinion that the Proposed Joint Venture is in the best interest of the Company.

## **12. Approvals Required**

The Proposed Joint Venture does not fall under the ambit of Paragraph 10.02(I) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in view of the Proposed Joint Venture is an ordinary course of business of AVSB and the JV Company and is not subject to the approval of the shareholders of the Company and any relevant government authorities.

## **13. Document Available for Inspection**

The Agreement is available for inspection at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur between 9.00 a.m. and 5.00 p.m. from Mondays to Fridays (except on public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 15 July 2024.