

THIS CIRCULAR/STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the course of action to take, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”) has perused the contents of Part A of this Circular/Statement prior to its issuance as the said contents fall under the category of Limited Review Circulars pursuant to Practice Note 18 of Bursa Malaysia Securities Main Market Listing Requirements (“**Main LR**”).

Bursa Securities did not peruse Part B of this Circular/Statement prior to issuance as it is exempted document pursuant to Practice Note 18 of Bursa Malaysia Securities Main LR.

Bursa Malaysia Securities takes no responsibility Circular/Statement for the contents of this Circular/Statement, 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.



ADVENTA

ADVENTA BERHAD

[Registration No. 200301016113 (618533-M)]
(Incorporated in Malaysia)

PART A

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE
PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

PART B

**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE
BUY-BACK AUTHORITY**

(COLLECTIVELY KNOWN AS “THE PROPOSALS”)

The Proposals will be tabled as Special Business at Adventa Berhad’s Seventeenth Annual General Meeting (“**17th AGM**”) to be held at 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 21 July 2020 at 10:00 a.m. The Notice of the 17th AGM together with the Form of Proxy are set out in the Annual Report of Adventa Berhad for the year ended 31 December 2019.

If you are unable to attend and vote at the meeting, you may complete the Form of Proxy and deposit it at Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not later than forty-eight (48) hours before the time appointed for holding the 17th AGM. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the 17th AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday, 19 July 2020 at 10:00 a.m.
Date and time of the AGM : Tuesday, 21 July 2020 at 10:00 a.m.

DEFINITIONS

In this Circular/Statement and the accompanying appendices, the following abbreviations shall have the following meanings unless otherwise stated:-

“Act”	: Companies Act 2016, as amended from time to time and any re-enactment thereof
“Adventa” or “Company”	: Adventa Berhad [Registration No. 200301016113 (618533-M)]
“Adventa Group” or “Group”	: Adventa and its subsidiaries
“Adventa Share(s)” or “Share(s)”	: Ordinary share(s) in Adventa
“AGM”	: Annual General Meeting
“Board”	: Board of Directors of Adventa
“Bursa Malaysia Securities”	: Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“Director(s)”	: Director(s) of Adventa and shall have the meaning given in Section 2(1) of the capital Markets and Securities Act 2007
“Code”	: Malaysian Code on Take-Overs and Mergers, 2016, as amended from time to time and any re-enactment thereof
“EPS”	: Earnings per Share
“FYE”	: Financial year ended / ending 31 December, as the case may be
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities, as amended from time to time
“LCG”	: Mr. Low Chin Guan, the Managing Director and Major Shareholder of Adventa.
“LLK”	: Ms. Low Lea Kwan is a Substantial Shareholder of Adventa. She is deemed interested in the Proposed New Shareholders’ Mandate for RRPT by virtue of her family relationships with LCG, who is her brother.
“LPD”	: Latest Practicable Date, being the latest practicable date prior to printing of this Circular/Statement, i.e. 29 May 2020

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DEFINITIONS

- “Major Shareholder(s)” : Means a person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is:-
- (a) 10% or more of the total number of voting shares in the Company; or
 - (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.
- For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act and for the purpose of the Proposed New Shareholders’ Mandate includes any person who is or was within the preceding six (6) months from the date on which the terms of the RRPT were agreed upon, a Major Shareholder of the Company, its subsidiary or holding company.
- “NA” : Net assets
- “Person Connected” : in relation to any person (referred to as “said Person”) means such person who falls under any one of the following categories: -
- (a) a family member of the said Person;
 - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;
 - (c) a partner of the said Person;
 - (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;
 - (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
 - (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or
 - (g) control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (h) a body corporate which is a related corporation of the said Person.
- “Proposed New Shareholders’ Mandate for RRPT” : Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a revenue or trading nature
- “Proposed Renewal of Share Buy-Back Authority” or “Proposed Share Buy-Back” : Proposed renewal of authority for Adventa to purchase and/or hold up to ten per centum (10%) of its own shares in the total number of issued shares pursuant to Section 127 of the Act

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DEFINITIONS (cont'd)

"Purchased Shares"	:	Shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority
"Recurrent Related Transaction(s)" or "RRPT"	Party :	Related party transaction which is recurrent, of a revenue or trading nature which is necessary for the Group's day-to-day operations and is entered into by the Group in the ordinary course of business which involves the interest, direct or indirect, of a Related Party
"Related Party(ies)"	:	A Director, a Major Shareholder or a Person Connected with such Director or Major Shareholder
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"Treasury Shares"	:	Purchased Shares retained in treasury
"2019 Annual Report"	:	Annual Report of Adventa issued for the FYE 31 December 2019

All references to "you" in this Circular/Statement are to the shareholders of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular/Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular/Statement shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancies in the tables included in this Circular/Statement between the amounts listed, actual figures and the totals thereof are due to rounding.

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PART A

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**



ADVENTA

ADVENTA BERHAD

[Registration No. 200301016113 (618533-M)]
(Incorporated in Malaysia)

Registered Office:-

21, Jalan Tandang 51/205A,
Seksyen 51,
46050 Petaling Jaya,
Selangor Darul Ehsan

22 June 2020

Directors

Edmond Cheah Swee Leng (*Chairman / Senior Independent Non-Executive Director*)

Low Chin Guan (*Managing Director*)

Kwek Siew Leng (*Executive Director*)

Toh Seng Thong (*Independent Non-Executive Director*)

Dato' Dr. Norraesah Binti Haji Mohamad (*Independent Non-Executive Director*)

To: The shareholders of Adventa

Dear Sir/ Madam,

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RRPT

1.0 INTRODUCTION

On 29 May 2020, the Board had announced to Bursa Malaysia Securities the Company's intention to seek the shareholders' approval for the Proposed New Shareholders' Mandate for RRPT at the forthcoming Seventeenth ("17th") AGM.

The purpose of this Circular is to provide you with relevant information on the Proposed New Shareholders' Mandate for RRPT and to seek your approval on the ordinary resolution in relation to the Proposed New Shareholders' Mandate for RRPT to be tabled at the forthcoming 17th AGM. The notice of the 17th AGM and the Form of Proxy are set out in the 2019 Annual Report.

The Company advise you to read and carefully consider the contents of this Circular before voting on the ordinary resolution in relation to the Proposed New Shareholders' Mandate for RRPT to be tabled at the forthcoming 17th AGM.

2.0 DETAILS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE FOR RRPT

2.1 Introduction

Pursuant to Paragraph 10.09(2) of the Listing Requirements, the Company may seek a mandate from its shareholders for RRPT subject to the following: -

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the

- shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;
- (iii) the Company's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Malaysia Securities. The draft circular must be submitted to Bursa Malaysia Securities together with a checklist showing compliance with such information;
 - (iv) in a meeting to obtain shareholders' mandate, the relevant Related Party must comply with the requirements set out in Paragraph 10.08(7) of the Listing Requirements; and
 - (v) the Company immediately announces to Bursa Malaysia Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Malaysia Securities in its announcement.

The authority to be conferred pursuant to the Proposed New Shareholders' Mandate for RRPT, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming 17th AGM and shall continue to be in force until: -

- (a) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier.

Adventa is seeking approval from the shareholders for the Proposed New Shareholders' Mandate for RRPT which will allow the Group, in their normal course of business, to enter into the categories of RRPTs referred to in the ensuing sections provided that such transactions, are made at arms' length basis and based on the Group's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders.

2.2 Principal Activities of Adventa Group

The principal activities of Adventa are investment holding whilst the subsidiaries of Adventa are as follows:

Name	Effective equity interest (%)	Principal activities
Luxencia (M) Sdn. Bhd.	100%	Provision of home dialysis services and products for the treatment of end stage renal disease and its related services
Sun Healthcare (M) Sdn. Bhd.	100%	Distribution of medical and healthcare equipment, appliances and medical disposal products
PTM Progress Trading & Marketing Sdn. Bhd.	100%	Provision of storage and warehousing services
Lucenia International Sdn. Bhd.	100%	Investment holding and provision of home dialysis services and products for the treatment of end stage renal disease and its related services

Name	Effective equity interest (%)	Principal activities
Lucenia Healthcare (Private) Limited	55%	Provision of home dialysis services and products for the treatment of end stage renal disease and its related services
Lucenia Lanka (Private) Limited	100%	Distribution of medical and healthcare equipment, appliances and medical disposal products
Mycare Lanka (Private) Limited	51%	Distribution of medical and healthcare equipment, appliances and medical disposal products

2.3 Classes of Related Parties

The Related Parties in which the Proposed New Shareholders' Mandate for RRPT is applicable are as follows:-

Name	Principal activities	Relationship
LCG	-	<ul style="list-style-type: none"> Managing Director and Major Shareholder of Adventa Shareholder of Loriteh Sdn. Bhd.
Loriteh Sdn. Bhd.	Letting of properties	<ul style="list-style-type: none"> LCG is the Shareholder of Loriteh Sdn. Bhd. by virtue of his 100% equity interest in Loriteh Sdn. Bhd.

2.4 Nature of RRPTs

The details of the RRPTs and their estimated values as set out below, are transactions to be entered into by Adventa Group with Related Parties in the ordinary course of business under the Proposed Shareholders' Mandate for RRPT: -

No.	Nature of transactions	Name of Company	Related Parties	Interested Directors and/or interested Major Shareholders	Estimated aggregate value of transactions from the date of the 17th AGM up to the date of next AGM ⁽¹⁾
1.	Rental of office address: No. 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan Frequency of payment: monthly	Sun Healthcare (M) Sdn. Bhd.	LCG	LCG	RM180,000.00

No.	Nature of transactions	Name of Company	Related Parties	Interested Directors and/or interested Major Shareholders	Estimated aggregate value of transactions from the date of the 17th AGM up to the date of next AGM ⁽¹⁾
2.	Rental of office address: No. 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan Frequency of payment: monthly	Lucenia (M) Sdn. Bhd.	LCG	LCG	RM120,000.00
3.	Rental of factory address: Lot 17503, Jalan 4, Taman Selayang, 68100 Batu Caves, Selangor Darul Ehsan Frequency of payment: monthly	Lucenia (M) Sdn. Bhd.	Loriteh Sdn. Bhd.	LCG (shareholder of Loriteh Sdn. Bhd.)	RM276,000.00
4.	Rental of apartment for employees accommodation address: Zehn Bukit Pantai, No. 10, Jalan Bukit Pantai, 59100 Kuala Lumpur, Wilayah Persekutuan Frequency of payment: monthly	Adventa	LCG	LCG	RM60,000.00
5.	Rental of office address: No. 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan Frequency of payment: monthly	Adventa	LCG	LCG	RM120,000.00

Note: -

(1) The estimated values as set out above are based on management estimates of the value of transactions to be undertaken for the period from the forthcoming 17th AGM to the next AGM. However, the value of transactions may be subject to changes.

Save as disclosed above, there were no other persons deemed connected to the interested Directors and Major Shareholders.

2.5 Outstanding Recurrent Transaction Receivables

There was no amount due and owing to the Group by its Related Parties pursuant to the RRPT. As such, the disclosure as required under Paragraphs 16A and 16B in the Annexure PN12-A of the Listing Requirements, are not applicable.

2.6 Review and Disclosure Procedures on the RRPTs and Thresholds of Authority

The Adventa Group has established various procedures to ensure that RRPTs are undertaken at arm's length basis and on normal commercial terms which are consistent with the Adventa Group's normal business practices and policies, on transaction prices and terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The review and disclosure procedures with regard to the RRPTs are as follows:-

- (a) The Adventa Group will be notified of the Related Parties and will be required prior to entering into such transactions to ensure that all the RRPTs are consistent with the Adventa Group's normal business practices and policies which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders;
- (b) The Board and/or the Audit Committee shall review the internal audit reports which are normally conducted at least once a year to ascertain that the guidelines and procedures established to monitor RRPTs have been complied with;
- (c) Records will be maintained by the Adventa Group to capture all RRPTs which are entered into pursuant to the shareholders' mandate;
- (d) The Board and the Audit Committee shall have overall responsibility for the determination of the review procedures including addition of new review procedures where applicable. The Board and the Audit Committee may also appoint individuals and committees within the Adventa Group to examine the RRPTs as they deem appropriate. If a member of the Board or the Audit Committee has an interest, he will abstain from any deliberation and decision-making by the Board and/or the Audit Committee in respect of the said transaction; and
- (e) Disclosure will be made in the Annual Report of the aggregate value of RRPTs conducted pursuant to the shareholders' mandate during the financial year.

As for the thresholds authority, the Adventa Group has in placed internal charts of authority governing all business transactions. Since the RRPTs are conducted in the ordinary course of business, these are also covered under the charts of authority as there is no specific formal document in respect of thresholds authority for RRPTs.

Where practical and/or feasible, at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison for determining the price and terms offered to/by the Related Parties are fair and reasonable as compared with those offered to/by unrelated third parties. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined based on those offered to/by other unrelated parties for substantially similar types of transactions to ensure that the RRPTs are not detrimental to the Adventa Group.

2.7 Statement by Audit Committee

The Audit Committee of the Company has seen and reviewed the procedures set out in Section 2.6 above and is of the view that the review procedures for RRPTs are sufficient to ensure that the RRPTs will be entered into at arm's length and in accordance with the Group's normal commercial terms, and on terms which are not more favourable to the Related Parties than those generally available to the public, and hence, will not be detrimental to the minority shareholders. Any member of the Audit Committee who is interested in any RRPT shall not be involved in the review of the RRPT.

The Audit Committee is satisfied that the Group has in placed adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and the review of these procedures and processes are conducted on an annual basis or whenever the need arises.

3.0 RATIONALE AND BENEFITS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT

The rationale for and benefits of the Proposed New Shareholders' Mandate for RRPT to the Adventa Group are as follows: -

- (a) The Proposed New Shareholders' Mandate for RRPT will facilitate transactions with the Related Parties which are carried out in the ordinary course of business of the Adventa Group and are made on an arm's length basis and on transaction prices and terms not more favourable to the Related Parties than those generally available to the public and not in the Company's opinion detrimental to the minority shareholders;
- (b) The Proposed New Shareholders' Mandate for RRPT will enhance the Adventa Group's ability to pursue business opportunities which may be time sensitive in nature and it may not be practical to seek shareholders' approval on a case-by-case basis before entering into such transactions;
- (c) The Proposed New Shareholders' Mandate RRPT will eliminate the need to make regular announcements or convene separate general meetings from time to time to seek shareholders' mandate approval, thereby reducing the administrative time and cost in convening such meetings without compromising the corporate objectives and adversely affecting the business opportunities available to the Adventa Group.

4.0 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER AND/OR PERSONS CONNECTED WITH DIRECTOR/MAJOR SHAREHOLDER

The interested Director and Major Shareholder in the Proposed New Shareholders' Mandate for RRPT is LCG and the interested Person Connected to LCG is LLK, who is a substantial shareholder of the Company.

LCG, being the interested Director and Major Shareholder in the RRPTs has abstained and will continue to abstain from Board deliberations and voting on the resolution pertaining to the Proposed New Shareholders' Mandate for RRPT. LCG and Persons Connected to him, i.e. LLK, will abstain from voting on the Proposed New Shareholders' Mandate for RRPT at the forthcoming 17th AGM.

The interested Director and Major Shareholder has undertaken to ensure that persons connected to him will abstain from voting in respect of their shareholdings on the resolution pertaining to the Proposed New Shareholders' Mandate for RRPT at the forthcoming 17th AGM.

Save as disclosed below, none of the other Directors, Major Shareholders and/or persons connected to them has any direct and/or indirect interest in the Proposed New Shareholders' Mandate for RRPT.

The following table illustrates the direct and indirect interests of the interested Director and Major Shareholder of Adventa and the interested Person Connected to him as at the LPD prior to the printing of this Circular:-

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
LCG	59,035,652	38.64	-	-
LLK	8,910,960	5.83	-	-

5.0 EFFECTS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE FOR RRPT

The Proposed New Shareholders' Mandate for RRPT does not have any effect on the Issued Share Capital, NA, EPS, gearing and substantial shareholders' shareholdings of the Company and/or the Group.

6.0 APPROVAL REQUIRED

The Proposed New Shareholders' Mandate for RRPT is subject to the approval of the shareholders of Adventa at the forthcoming 17th AGM.

7.0 DIRECTORS' RECOMMENDATION

The Board (with the exception of LCG, who has abstained and will continue to abstain from making any opinion and recommendation on the Proposed New Shareholders' Mandate for RRPT), having considered all aspects of the Proposed New Shareholders' Mandate for RRPT, is of the opinion that the above is in the best interests of the Company and therefore recommends that you vote in favour of the resolution pertaining to Proposed New Shareholders' Mandate for RRPT to be tabled at the forthcoming 17th AGM.

8.0 THE 17TH AGM

The ordinary resolutions pertaining to the Proposed New Shareholders' Mandate for RRPT is set out as special businesses in the notice of 17th AGM contained in the 2019 Annual Report of the Company, which was sent to you together with this Circular. The 17th AGM of Adventa will be held at 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 21 July 2020 at 10:00 a.m.

If you are unable to attend and vote at the meeting, you may complete the Form of Proxy and deposit it at Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not later than forty-eight (48) hours before the time appointed for holding the 17th AGM. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the 17th AGM should you subsequently wish to do so.

9.0 FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
ADVENTA BERHAD

EDMOND CHEAH SWEE LENG
Chairman / Senior Independent Non-Executive Director

PART B

**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE
BUY-BACK AUTHORITY**



ADVENTA

ADVENTA BERHAD

[Registration No. 200301016113 (618533-M)]
(Incorporated in Malaysia)

STATEMENT IN RELATION TO PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1.0 INTRODUCTION

On 29 May 2020, the Board had announced to Bursa Malaysia Securities the Company's intention to seek the shareholders' approval for the Proposed Renewal of Share Buy-Back Authority. The existing authority for share buy-back which was approved by the shareholders at the Sixteenth ("16th") AGM of the Company held on 19 June 2019, shall in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 17th AGM, unless renewal is obtained from the shareholders of Adventa at the said AGM.

The purpose of this Statement is to provide you with relevant information on the Proposed Renewal of Share Buy-Back Authority and to seek your approval on the ordinary resolution in relation to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 17th AGM. The notice of the 17th AGM and the Form of Proxy are set out in the 2019 Annual Report.

The Company advise you to read and carefully consider the contents of this Statement before voting on the ordinary resolution in relation to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 17th AGM.

2.0 PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

2.1 Details of the Proposed Renewal of Share Buy-Back Authority

The 16th AGM held on 19 June 2019, you had inter-alia, granted a mandate for the Company to purchase or hold up to ten per centum (10%) of the total number of Issued Shares of the Company at any time through Malaysia Bursa Securities ("**Shareholders' Mandate**").

The authority conferred by the Shareholders' Mandate shall in accordance with the Listing Requirements lapse at the conclusion of the forthcoming 17th AGM unless authority for its renewal is obtained from the shareholders at the forthcoming 17th AGM.

The Board proposes to seek the approval of the shareholders of the Company for the renewal of the authority to purchase or hold from time to time and at any time up to ten per centum (10%) of the total number of Issued Shares. In compliance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities, Adventa is allowed to purchase its own shares on Bursa Malaysia Securities.

The authority from shareholders, if granted, shall be effective upon passing of the ordinary resolution for Proposed Renewal of Share Buy-Back Authority until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time it will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or

- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first ("**Proposed Authorised Period**").

2.2 Quantum

As at LPD, the total number of Issued Shares of Adventa is 152,785,770 shares. As such, the number of Shares can be purchased and/or held by the Company is up to 15,278,500 Shares representing approximately 10% of the total number of Issued Shares of the Company.

The actual number of Shares to be purchased by the Company pursuant to the Proposed Share Buy-Back, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on inter-alia, the market conditions and sentiments of the share market as well as the availability of financial resources of the Company and the availability of the retained profits of the Company.

2.3 Pricing

Pursuant to Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own Shares at a price which is not more than fifteen per centum (15%) above the weighted average market price of the Adventa Shares for the five (5) market days immediately before the date of the purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, the Company may only resell the Purchased Shares held as Treasury Shares on Bursa Malaysia Securities or transfer the Purchased Shares held as Treasury Shares pursuant to Section 127(7) of the Act at:-

- (a) a price which is not less than the weighted average market price of the Adventa Shares for the five (5) market days immediately before the resale or transfer; or
- (b) a discounted price of not more than five per centum (5%) to the weighted average market price of the Adventa Shares for the five (5) market days immediately before the resale or transfer provided that:-
 - (i) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale or transfer price is not less than the cost of purchase of the Adventa Shares being resold or transferred.

2.4 Source of funds

The Proposed Renewal of Share Buy-Back Authority will allow the Board to exercise the power of the Company to purchase and/or hold its own shares at any time within the Proposed Authorised Period using the internally generated funds of the Company and/or external borrowings or a combination of both. The Board will ensure that Adventa has sufficient funds to repay the external borrowings and interest expense and that the repayment will not have a material effect on the cash flow of the Company. In addition, the Board will ensure that the Company satisfy the solvency test as stated in the Section 112(2) of the Act before execution of Proposed Share Buy-Back. The amount of the funds to be utilised would only be determined later depending on the actual number of Shares to be purchased, the availability of funds at the time of purchase(s), the market conditions and sentiments of the share market.

In compliance with Paragraph 12.10(1) of the Listing Requirements, the maximum amount of funds to be utilised for the Proposed Share Buy-Back shall not exceed the retained profits of the Company based on the latest audited and unaudited financial statements. The retained profits of Adventa as at 31 December 2019 is RM24,138,738.00.

2.5 Public Shareholding Spread

The Company will not undertake any share buy-back if that will result in breach of Paragraph 8.02(1) of the Listing Requirements, which requires the Company to maintain a public shareholding spread of at least 25% of its total listed shares (excluding Treasury Shares) or such lower percentage of public shareholding spread as may be allowed by Bursa Malaysia Securities. The Board is mindful of the public shareholding spread requirement and will continue to be mindful of such requirement when making any purchase of Shares by the Company.

As at LPD, the public shareholding spread of Adventa was 54.56%. The effects of the Proposed Share Buy-Back on the public shareholding spread are illustrated as below:-

	As at LPD	After Proposed Share Buy-Back
Number of Shares purchased	-	15,278,500
Percentage of total number of issued shares (%)	-	10.00
Total number of Issued Shares after the Proposed Share Buy-Back	152,785,770	137,507,270
Public shareholding spread (%)	54.56	49.51

2.6 Treatment of Purchased Shares

The Board may deal with the Purchased Shares in accordance with Section 127(4) of the Act in the following manner:-

- (a) cancel the Purchased Shares;
- (b) retain the Purchased Shares as treasury shares; or
- (c) retain part of the Purchased Shares as treasury shares and cancel the remainder.

The Board may decide to cancel the Purchased Shares if it is of the opinion that, in the foreseeable future, there are no investment opportunities that would result in an enhanced investment to Adventa and hence the value of the Adventa Shares. If the Purchased Shares are cancelled, the total number of Issued Shares of Adventa shall be diminished by the cancellation of the Shares so purchased. If the Board decides to retain the Purchased Shares as Treasury Shares, it may distribute the Treasury Shares as share dividends to the shareholders, resell the Purchased Shares on Bursa Malaysia Securities and/or transfer the Purchased Shares pursuant to Section 127(7) of the Act, and utilise the proceeds for any feasible investment opportunity arising in the future, or as working capital.

The treatment of the Purchased Shares to be held as Treasury Shares are as follows: -

- (a) distribute the Purchased Shares as share dividends to shareholders;
- (b) resell the Purchased Shares or any of the Shares in accordance with the relevant rules of Bursa Malaysia Securities;
- (c) transfer the Purchased Shares, or any of the Shares for the purposes of or under an employees' share scheme;
- (d) transfer the Purchased Shares, or any of the Shares as purchase consideration; or
- (e) cancel the Purchased Shares or any of the Shares; or
- (f) sell, transfer or otherwise use the Purchased Shares for such other purposes as allowed under the Act.

While the Purchased Shares are held as Treasury Shares, the rights attached to them in relation to voting, dividends and participation in any other distributions or otherwise are suspended and the Treasury Shares shall not be taken into account in calculating the

number or percentage of Shares or of a class of Shares in the Company for any purposes without limiting the generality of the provisions in the Act or the Listing Requirements on substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

In accordance with Paragraph 12.26 of the Listing Requirements, Adventa may purchase its own shares in odd lots, i.e. any number of its own shares which is less than the number of shares prescribed by Bursa Malaysia Securities as a board lot through direct business transaction or in any other manner as may be approved by Bursa Malaysia Securities in accordance with such requirements as may be prescribed or imposed by Bursa Malaysia Securities.

3.0 RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Share Buy-Back is expected to potentially benefit the Company and its shareholders in the following manner:-

- (a) The Company is expected to stabilise the supply and demand of its Shares in the open market and thereby support its fundamental values;
- (b) If the Purchased Shares are cancelled, it would enhance the EPS of the Company and thereby long term investors are expected to enjoy a corresponding increase in the value of their investments in the Company; and
- (c) As permitted under Section 127 of the Act, the Purchased Shares may be held as Treasury Shares, resold on Bursa Malaysia Securities and/or transferred pursuant to Section 127(7) of the Act with potential gain without affecting the total number of Issued Share of the Company. Alternatively, the Purchased Shares can be distributed as share dividends to reward the shareholders of the Company.

4.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The potential advantages of Proposed Renewal of Share Buy-Back Authority to the Company and its shareholders are as follows:-

- (a) The EPS of the Adventa Group would be enhanced (all things being equal);
- (b) The proposed purchase will result in a reduction of the Issued Share Capital base which will reduce the cash outflow on the dividend payout (all things being equal, i.e. if the Adventa Group was to maintain the same dividend rate);
- (c) If the Purchased Shares are retained as Treasury Shares, it will provide the Board an option to sell the Purchased Shares at a higher price and therefore make an exceptional gain for the Company. Alternatively, the Purchased Shares can be distributed as share dividends to shareholders;
- (d) Provides the Company flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity; and
- (e) Allows the Company to take preventive measures against speculations particularly when its Shares are under valued which would in turn, stabilise the market price of the Adventa Shares and hence, enhance investors' confidence.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its shareholders are as follows:-

- (a) It will reduce the financial resources of the Company and may result in the Company foregoing better investment opportunities in future or at least deprive the Company of interest income that can be derived from the funds utilised for the Proposed Share Buy-Back; and

- (b) As the Proposed Share Buy-Back can only be made out of the retained profits of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

5.0 RISK FACTORS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Board is not aware of any risk factors relating to the Proposed Renewal of Share Buy-Back Authority which could have a material adverse effect on the business or financial position of the Adventa Group.

6.0 HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the Adventa Shares as traded on Bursa Malaysia Securities for the past twelve (12) months from June 2019 to May 2020 are as follows:-

Month	High (RM)	Low (RM)
2019		
June	0.42	0.35
July	0.60	0.36
August	0.61	0.49
September	0.55	0.49
October	0.58	0.50
November	0.64	0.49
December	0.62	0.54
2020		
January	0.97	0.60
February	0.79	0.57
March	0.77	0.28
April	1.05	0.45
May	1.43	0.85

(Source: The Wall Street Journal)

The last transaction price of Adventa Shares on LPD prior to the printing of this Statement is RM1.76.

7.0 EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

On the assumption that the Proposed Renewal of Share Buy-Back Authority is implemented in full, the effects on the share capital, NA, working capital and EPS of the Company and/or the Group (whichever is applicable) are set out below:-

7.1 Share Capital

The effects of the Proposed Share Buy-Back are dependent on whether the Purchased Shares are cancelled or alternatively retained as Treasury Shares.

Based on the assumption that the maximum number of Adventa Shares purchased are to be cancelled, the effect on the total number of Issued Shares of Adventa would be as follows:-

	No. of Shares
Total number of Issued Shares as at LPD	152,785,770
Less: Cancellation of all purchased Shares	(15,278,500)
Total number of Issued Shares upon completion of the Proposed Renewal of Share Buy-Back Authority	137,507,270

However, the Proposed Share Buy-Back would have no effect on the total number of Issued Shares of Adventa assuming all Purchased Shares are to be retained as Treasury Shares, resold or distributed as share dividends to shareholders but the rights attaching to the Treasury Shares in relation to voting, dividends and participation in any other distributions or otherwise are suspended.

7.2 NA

The effects of the Proposed Share Buy-Back on the NA per Share of the Adventa Group are dependent on the number of Shares which the Company will buy-back, purchase prices of the Adventa Shares at the time of buy-back, the treatment of the Shares so purchased and the funding cost, if any. If all the Adventa Shares so purchased are cancelled, the NA per Share of the Adventa Group is likely to be reduced if the purchase price exceeds the NA per Share of the Adventa Group at the time of purchase and vice-versa.

For Purchased Shares which are kept as Treasury Shares, upon resale, the NA per Share of the Adventa Group would increase assuming that a gain has been realised or decrease if a loss is realised. If the Treasury Shares are distributed as share dividends, the NA of the Adventa Group would decrease by the cost of the Treasury Shares.

7.3 Working Capital

The Proposed Share Buy-Back will reduce the working capital of the Adventa Group, the quantum of which depends on the purchase prices and the number of Shares that would be purchased pursuant to the Proposed Share Buy-Back.

For Purchased Shares which are kept as Treasury Shares, upon their resale, the working capital of the Company would increase assuming that a gain has been realised. Again, the quantum of the increase in the working capital would depend on the actual selling price of the Treasury Shares and the number of Treasury Shares resold.

7.4 EPS

Assuming that the Purchased Shares under the Proposed Share Buy-Back are cancelled, the Proposed Share Buy-Back may increase the EPS of the Adventa Group. Similarly, on the assumption that the Purchased Shares are treated as Treasury Shares and subsequently resold, the extent of the effect on the earnings of the Adventa Group will depend on the actual selling price, the number of Treasury Shares resold and the effective gain arising. In the event the Purchased Shares are held as Treasury Shares, i.e. neither cancelled nor resold, the effective reduction in the issued share capital of Adventa pursuant to the Proposed Share Buy-Back would generally, all else being equal, increase the EPS of the Adventa Group.

7.5 Dividends

Assuming the Proposed Share Buy-Back is implemented in full and the Company's quantum of dividends is maintained at historical levels, the Proposed Share Buy-Back will have the effect of increasing the dividend rate of the Company as a result of the reduction in the issued share capital of the Company.

The Proposed Share Buy-Back may have an adverse impact on the Company's dividend, if any, as it would reduce the cash available, which may otherwise be used for

dividend payment. Nonetheless, the Purchased Shares may be distributed as dividends to shareholders of the Company, if the Company so decides.

8.0 SHAREHOLDINGS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED WITH DIRECTORS/SUBSTANTIAL SHAREHOLDERS

Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at LPD, assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full and that the Purchased Shares are from shareholders other than the Directors and substantial shareholders, the effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the existing Directors and substantial shareholders of Adventa are set out as below:-

	As at LPD				After Proposed Share Buy-Back				
	Direct		Indirect		Direct		Indirect		
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	
<u>Directors</u>									
Edmond Cheah Swee Leng	140,000	0.09	-	-	140,000	0.10	-	-	
LCG	59,035,652	38.64	-	-	59,035,652	42.93	-	-	
Kwek Siew Leng	1,000,000	0.65	-	-	1,000,000	0.73	-	-	
Toh Seng Thong	200,000	0.13	-	-	200,000	0.15	-	-	
Dato' Dr. Norraesah binti Haji Mohamad	140,000	0.09	-	-	140,000	0.10	-	-	
<u>Substantial Shareholders</u>									
LCG	59,035,652	38.64	-	-	59,035,652	42.93	-	-	
LLK	8,910,960	5.83	-	-	8,910,960	6.48	-	-	

9.0 IMPLICATIONS RELATING TO THE CODE

Under the Code, a Director and any person acting in concert with him or a relevant shareholder will be required to make a mandatory general offer for the remaining Shares not already owned by him/them if his/their stake in the Company is increased to beyond 33% or if his/their existing shareholding is between 33% and 50% and exceeds by another 2% in any six (6) months period.

It is the intention of Adventa to implement the Proposed Share Buy-Back in a manner that will not result in any of the shareholders of Adventa having to undertake a mandatory offer pursuant to the Code.

10.0 PURCHASE, RESALE AND/OR CANCELLATION OF THE ADVENTA SHARES MADE IN THE PRECEDING TWELVE (12) MONTHS

As at LPD, Adventa does not have any Treasury Shares. There was no subsequent purchase, resale and/or cancellation made in the preceding twelve (12) months up to the LPD.

11.0 INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED WITH DIRECTORS/SUBSTANTIAL SHAREHOLDERS

Save as disclosed in the Section 8.0 of this Statement, none of the Directors and/or substantial shareholders of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority.

12.0 APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back Authority is subject to the approval of the shareholders of Adventa at the forthcoming 17th AGM.

13.0 DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company and the Board therefore recommends that you vote in favour of the resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 17th AGM.

14.0 THE 17TH AGM

The ordinary resolutions pertaining to the Proposed Renewal of Share Buy-Back Authority is set out as special businesses in the notice of 17th AGM contained in the 2019 Annual Report of the Company, which was sent to you together with this Statement. The 17th AGM of Adventa will be held at 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 21 July 2020 at 10:00 a.m.

If you are unable to attend and vote at the meeting, you may complete the Form of Proxy and deposit it at Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not later than forty-eight (48) hours before the time appointed for holding the 17th AGM. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the 17th AGM should you subsequently wish to do so.

15.0 FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
ADVENTA BERHAD

EDMOND CHEAH SWEE LENG
Chairman / Senior Independent Non-Executive Director

1. RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

Adventa Group has not entered into any material contracts (not being contracts entered into the ordinary course of business) within two (2) years immediately preceding the date of this Circular/Statement.

3. MATERIAL LITIGATION

Adventa Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings, pending or threatened, against the Adventa Group or of any facts likely to give rise to any proceedings which might materially affect the business and financial position of the Adventa Group as at the date of this Circular/Statement.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Adventa at 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan during normal business hours on Monday to Friday (except public holidays) from the date of this Circular/Statement up to and including the date of the forthcoming 17th AGM:-

- (a) Constitution of Adventa; and
- (b) Audited Financial Statements of Adventa for the FYE 2018 and FYE 2019.

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