

THIS STATEMENT 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.

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SHARE BUY-BACK STATEMENT

in relation to the

PROPOSED RENEWAL OF THE AUTHORITY FOR SHARE BUY-BACK BY THE COMPANY

The Ordinary Resolution in respect of the above proposal will be tabled as Special Business at the Fifteenth Annual General Meeting ("AGM") of the Company to be held at Ballroom I & II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on **Monday, 28 November 2016 at 9.30 a.m.** The Notice of the Fifteenth AGM together with the Proxy Form are enclosed in the 2016 Annual Report of the Company.

If you are unable to attend and vote at the Meeting, you may complete the Proxy Form and deposit it at the Registered Office of the Company at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the Fifteenth AGM or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll. The lodging of the Proxy Form does not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

Date and time of the AGM : Monday, 28 November 2016 at 9.30 a.m.

This Statement is dated 28 October 2016

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Statement:

Act	:	Companies Act 1965 as amended from time to time and any re-enactments thereof
AWC or the Company	:	AWC Berhad (550098-A)
AWC Group or Group	:	AWC and its subsidiaries
AWC Share(s) or Share(s)	:	Ordinary share(s) of RM0.30 each in AWC
AGM	:	Annual General Meeting
Articles	:	Articles of Association of the Company
Board	:	Board of Directors of AWC
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Code	:	Malaysian Code on Take-Overs and Mergers 2010, including any amendment that may be made from time to time.
EPS	:	Earnings per Share
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
NA	:	Net assets
Proposed Renewal	:	Proposed renewal of authority for the Company to purchase its own shares of up to ten percent (10%) of the issued and paid up share capital of the Company
Purchased Shares	:	AWC Shares purchased pursuant to the Share Buy-Back exercise
RM and sen	:	Ringgit Malaysia and sen respectively
SC	:	Securities Commission Malaysia

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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AWC BERHAD

(Company No. 550098-A)
(Incorporated in Malaysia)

Registered Office:

Third Floor, No. 79 (Room A),
Jalan SS 21/60,
Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan

28 October 2016

Board of Directors:-

Dato' Nik Mod Amin bin Nik Abd Majid (Independent Non-Executive Chairman)
Dato' Ahmad Kabeer bin Mohamed Nagoor (Managing Director/Group Chief Executive Officer)
Dato' Sulaiman bin Mohd Yusof (Independent Non-Executive Director)
N Chanthiran A/L Nagappan (Independent Non-Executive Director)

To: The Shareholders of AWC BERHAD

Dear Sir/Madam,

**PROPOSED RENEWAL OF THE AUTHORITY FOR THE SHARE BUY-BACK BY THE COMPANY
("PROPOSED RENEWAL")**

1. INTRODUCTION

The Company had on 20 October 2016 announced to the Bursa Securities that the Company will be seeking its shareholders' approval for the renewal of the existing shareholders mandate for the share buy-back exercise, of up to ten percent (10%) of the issued and paid up capital of AWC.

At an AGM held on 28 December 2004, your Board obtained the mandate from the shareholders' to undertake the share buy-back of up to ten percent (10%) of the issued and paid-up share capital of AWC through Bursa Securities. This authority was subsequently renewed on 21 November 2005, 9 November 2006, 28 November 2007, 16 December 2008, 30 November 2009, 29 November 2010, 29 November 2011, 29 November 2012, 3 December 2013, 12 December 2014 and again on 23 November 2015.

The authority obtained by the Board for the purchase of its Shares by the Company shall lapse at the conclusion of the forthcoming Fifteenth AGM unless a renewal of mandate for the share buy-back exercise is obtained from the shareholders of AWC.

In view of the authority expiring at the conclusion of the forthcoming Fifteenth AGM of AWC, which will be held on 28 November 2016, a renewal of the mandate for the share buy-back exercise will be sought from the shareholders for the Proposed Renewal by way of an ordinary resolution.

The purpose of this Statement is to provide you with information on the Proposed Renewal and to seek your approval on the relevant resolution to be tabled at the forthcoming Fifteenth AGM to be held at Ballroom I & II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor on Monday, 28 November 2016 at 9.30 a.m. The Notice convening the Fifteenth AGM is set out in the Annual Report for the financial year ended 30 June 2016, which is despatched with this Statement.

SHAREHOLDERS OF AWC ARE ADVISED TO READ THE CONTENTS OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL.

2. DETAILS OF THE PROPOSED RENEWAL

- 2.1 The Board is seeking a renewal of the authority from the Company's shareholders to purchase and/or hold up to a maximum of ten percent (10%) of the Company's issued and paid-up share capital. As at 30 September 2016, the issued and paid-up share capital of AWC amounted to RM78,708,216.60 comprising 262,360,722 Shares. The maximum number of Shares which may be purchased and/or held by the Company will be ten percent (10%) of the issued and paid up share capital of AWC, inclusive of the Purchased Shares that have been bought back to date. As at 30 September 2016, an amount of 3,326,800 Shares have been bought back. These Shares purchased are presently held as treasury shares and none of the Shares bought back have been cancelled.

The authority from the shareholders, if renewed, shall be effective upon passing of the ordinary resolution for the Proposed Renewal at the forthcoming Fifteenth AGM and shall remain in force until:-

- (a) the conclusion of the next AGM of the Company, unless by an ordinary resolution passed at that meeting the authority is renewed, either unconditionally or subject to conditions; or
- (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 at a general meeting of the Company,

whichever occurs first.

- 2.2 The Board proposes to allocate an amount of up to the share premium account for the purchase of its own Shares subject to compliance with Section 67A of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase ("Prevailing Laws") including compliance with the twenty five percent (25%) public shareholdings spread as required by the Listing Requirements.

Based on the audited financial statements for the year ended 30 June 2016, the share premium account and accumulated losses of the Company stood at RM10,211,109 and RM20,362,242 respectively.

- 2.3 As at 30 September 2016, the public shareholdings spread of the Company stood at 62.98%. The Company will endeavour to ensure that the public shareholding spread of the Company is at least 25% of its total listed shares.

2.4 Pursuant to Section 67A of the Act, the Directors may deal with the Purchased Shares in either of the following manner:-

- (i) cancel all or part of the Purchased Shares; and/or
- (ii) retain all or part of the Purchased Shares as treasury shares; and/or
- (iii) resell the treasury shares on Bursa Securities; and/or
- (iv) distribute the treasury shares as share dividends to the shareholders of the Company for the time being.

In the event that the Purchased Shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in any other distribution and 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 including the determination of substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on resolution(s) at meetings.

2.5 Pursuant to the Listing Requirements, the Company may purchase its own Shares at a price which is not more than fifteen percent (15%) above the weighted average market price of the Shares for the five (5) market days immediately preceding the date of the purchase. The Company may resell the treasury shares at a price which is:-

- a) not less than the weighted average market price for the Shares for the five (5) market days immediately prior to the resale; or
- b) not less than five percentage (5%) below the weighted average market price for the Shares for the five (5) market days immediately prior to the resale provided that the resale takes place no earlier than thirty (30) days from the date of purchase and the resale price is not less than the cost of purchase of the shares being resold.

2.6 The Proposed Renewal will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period using the internal funds of the Company and/or external borrowings. The amount of the internally generated funds and/or external borrowings to be utilised will only be determined later depending on the available internally generated funds, actual number of AWC Shares to be purchased and other relevant cost factors. The actual number of AWC Shares to be purchased will depend on market conditions and sentiments of the stock market as well as the share premium account and financial resources available to the Company. The treatment of the Purchased Shares either to be cancelled or to be held as treasury shares, or both and treatment of the treasury shares either to be distributed as share dividends or to be resold by the Company on Bursa Securities, or both, will in turn depend on the availability of, among others, retained profits and share premium account of the Company.

In the event that the Company purchases and holds its own Shares using external borrowings, the Board would ensure that the Company has sufficient funds to repay the external borrowings and that the repayment would have no material effect on the cash flow of the Company.

If the Board decides to cancel the Purchased Shares, the Company's issued and paid-up share capital shall be diminished by the cancellation and the amount diminished shall be transferred to a capital redemption reserve.

An immediate announcement will be made to Bursa Securities in respect of the intention of the Directors to either retain the Purchased Shares as treasury shares or cancel the Purchased Shares or a combination of retention or cancellation.

Further, an immediate announcement will be made to the Bursa Securities (in accordance with the Listing Requirements) when a purchase, sale or cancellation is made under the mandate granted under the Proposed Renewal.

3. RATIONALE FOR THE PROPOSED RENEWAL

The Proposed Renewal, if implemented, will enable the AWC Group to utilise any of its surplus financial resources which is not immediately required for other uses, to purchase its own Shares from the market. The Company will be able to purchase its own Shares when the Shares are being traded at values that are below what the Board believes to be their intrinsic value. This will enable the prices of AWC Shares traded on the Main Market of the Bursa Securities to be stabilised and therefore better reflect its fundamentals.

If AWC Shares purchased are subsequently cancelled, the EPS of AWC may strengthen and if so, it is expected to benefit the shareholders of the Company.

The Purchased Shares can be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued and paid up share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

The Proposed Renewal is not expected to have any potential material disadvantage to the Company and its shareholders and it will be exercised only after due consideration of financial resources of AWC Group and of the result and impact on its shareholders. The Board in exercising any decision to buy-back any AWC Shares will be mindful of the interests of the Company and its shareholders.

4. RISK ASSESSMENT OF THE PROPOSED RENEWAL

The Proposed Renewal, if implemented will, however, reduce the amount of resources available for distribution to the shareholders of the Company and may result in the Group having to forego other investment opportunities that may emerge in the future, or at least deprive the Company and the Group of interest income that can be derived from the funds utilised for any share buy-back. The working capital of the Group will also be affected, as any purchase of AWC Shares will reduce the Group's cash flow depending on the actual number of Shares purchased and their purchase price. However, the financial resources of the Group may increase if the AWC Shares so purchased and held as treasury shares are subsequently resold at prices higher than their purchase price.

Nevertheless, the Board will be mindful of the interest of the Company, the Group and the shareholders in implementing the Proposed Renewal.

5. EFFECTS OF THE PROPOSED RENEWAL

Assuming that the Company purchases and/or holds up to the maximum number of its Shares under the share buy-back (i.e. up to 26,236,072 AWC Shares representing 10% of the Company's issued and paid up capital) and the Purchased Shares are cancelled or alternatively retained as treasury shares or both, the effects of the Proposed Renewal on the share capital, substantial shareholders' shareholdings and Directors' shareholdings, earnings, NA, working capital and dividends are as set out below:-

5.1 Share capital

In the event that all the Purchased Shares are cancelled, the implementation of the Proposed Renewal will result in the issued and paid-up share capital of the Company being reduced as follows:-

	No. of Shares in issue	Issued and paid- up share capital of the Company (RM)
Issued and paid-up share capital as at 30 September 2016	262,360,722	78,708,217
Maximum number of Shares which may be purchased and cancelled pursuant to the Proposed Renewal	(26,236,072)	(7,870,822)
Resulting issued and paid-up share capital upon completion of cancellation of maximum number of Purchased Shares under the Proposed Renewal	236,124,650	70,837,395

However, the implementation of the Proposed Renewal will not have an effect on the issued and paid-up share capital if the Purchased Shares are retained as treasury shares, resold or are distributed to its shareholders.

5.2 Substantial shareholders' shareholdings

The effect of the implementation of the Proposed Renewal on the shareholdings of the substantial shareholders of AWC based on the Register of Substantial Shareholders as at 30 September 2016 is as follows:-

Substantial Shareholders	Before the Proposed Renewal ⁽¹⁾				After the Proposed Renewal			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
K-Capital Sdn Bhd ("K-Cap")	79,442,459	30.67	-	-	79,442,459	33.64	-	-
Dato' Ahmad Kabeer bin Mohamed Nagoor	8,793,600	3.39	79,442,459 ⁽²⁾	30.67	8,793,600	3.72	79,442,459 ⁽²⁾	33.64

Note:

⁽¹⁾ Computation of percentage shareholdings excludes the 3,326,800 AWC Shares held by the Company as treasury shares as at 30 September 2016.

⁽²⁾ By virtue of his interests in K-Cap

5.3 Directors' shareholdings

The effect of the implementation of the Proposed Renewal on the shareholdings of the directors of AWC based on the Register of Directors' Shareholdings as at 30 September 2016 is as follows:-

Directors	Before the Proposed Renewal ⁽¹⁾				After the Proposed Renewal			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Nik Mod Amin bin Nik Abd Majid	-	-	-	-	-	-	-	-
Dato' Ahmad Kabeer bin Mohamed Nagoor	8,793,600	3.39	79,442,459 ⁽²⁾	30.67	8,793,600	3.72	79,442,459 ⁽²⁾	33.64
Dato' Sulaiman bin Mohd Yusof	100,000	0.04	-	-	100,000	0.04	-	-
N Chanthiran A/L Nagappan	92,000	0.04	-	-	92,000	0.04	-	-

Notes:

⁽¹⁾ Computation of percentage shareholdings excludes the 3,326,800 AWC Shares held by the Company as treasury shares as at 30 September 2016.

⁽²⁾ By virtue of his interests in K-Cap

5.4 EPS

Where the Shares so purchased are cancelled, the EPS of the Group will increase. However, the increase in EPS will be affected to the extent of the reduction of the interest income arising from the funds utilised for the Purchased Shares or any increase in the interest expense arising from borrowings to fund the purchase. In the event that the Purchased Shares are treated as treasury shares and subsequently sold, the EPS of the Group will increase where the treasury shares are sold at prices above the purchase price and also due to any resultant increase in interest income of the Group.

5.5 NA

The effects of the Proposed Renewal on the NA of AWC Group will depend on the number of Shares purchased, the purchase price of the Shares at the time of purchase and the treatment of the Shares so purchased.

If the Purchased Shares are kept as treasury shares, the NA per Share will decrease, unless the cost per Share of the treasury shares purchased is below the NA per Share at the relevant point in time. This is because the treasury shares, which are required to be carried at cost, must be offset against equity and therefore would result in a decrease in NA of the Company.

Similarly, if the Purchased Shares are cancelled as provided under Section 67A of the Act, the NA per Share of the AWC Group will decrease, unless the cost per Share of the Purchased Shares is below the NA per Share at the relevant point in time.

In the case where the Purchased Shares are treated as treasury shares and subsequently resold on Bursa Securities, the NA per Share of the AWC Group will increase if the Company realises a gain from the resale, and vice-versa. If the treasury shares are distributed as share dividends, the NA of the AWC Group will decrease accordingly by the cost of the treasury shares.

5.6 Working capital

The implementation of the Proposed Renewal is likely to reduce the working capital of the Group, the quantum of which will depend on the purchase price of the Shares, the actual number of Shares bought back and any associated costs incurred in making the purchase.

For Shares so purchased which are kept as treasury shares, upon its resale, the working capital of the Company will increase. Again, the quantum of the increase in the working capital will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

5.7 Dividends

Assuming the Proposed Renewal is implemented in full and the total amount paid out as dividend by the Company is maintained at historical levels, the Proposed Renewal will have the effect of increasing the dividend rate of the Company as a result of the reduction in the issued and paid-up share capital of the Company and dividend per Share of the Company.

6. IMPLICATION RELATING TO THE CODE

The Board will be mindful of the potential implications relating to Part II of the Code arising from the Proposed Renewal on the substantial shareholders of the Company. In the event that obligations under Part II of the Code should arise as a result of undertaking the Proposed Renewal, the relevant affected substantial shareholders of the Company will seek an exemption from the SC from having to undertake a general offer for the remaining Shares not held by them and parties acting in concert with them under Practice Note 2.9.10 of the Code. This will be done before the Company cancels the Purchased Shares, if it decides to do so.

7. APPROVAL REQUIRED

The Proposed Renewal is conditional upon approval of the shareholders of the Company at the forthcoming Fifteenth AGM.

8. PURCHASE OF SHARES AND RESALE OF TREASURY SHARES

The Company commenced its share buy-back programme in March 2005. As at 30 June 2013 the Company had purchased 3,326,800 of its own Shares. Since then, no additional shares had been repurchased by the Company. As at 30 September 2016, a total of 3,326,800 Shares were held by the Company as treasury shares. No Shares were purchased and/or resold by the Company during the financial year and up to 30 September 2016.

9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholdings as a consequence of the Proposed Renewal, none of the Directors and substantial shareholders of the Company or persons connected to them has any interest, direct or indirect, in the Proposed Renewal or resale of treasury shares.

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

11. DIRECTORS' RECOMMENDATION

The Board of AWC, having considered all aspects of the Proposed Renewal, is of the opinion that the Proposed Renewal is in the best interest of the Company and accordingly, they recommend that you vote in favour of the resolution pertaining to the Proposed Renewal contained herein to be tabled at the forthcoming Fifteenth AGM.

12. FURTHER INFORMATION

The ordinary resolution pertaining to the Proposed Renewal to be tabled at the Fifteenth AGM on 28 November 2016 is set out under Appendix I to this Statement.

Yours faithfully
for and on behalf of the Board of
AWC BERHAD

DATO' NIK MOD AMIN BIN NIK ABD MAJID
Independent Non-Executive Chairman

APPENDIX I

EXTRACT OF NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING OF AWC ORDINARY RESOLUTION 8 RENEWAL OF THE AUTHORITY FOR THE SHARE BUY-BACK BY THE COMPANY ("PROPOSED RENEWAL")

"THAT, subject always to the Companies Act, 1965 ("Act"), the provisions of the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the extent permitted by the law, to buy-back and/or hold such amount of ordinary shares of RM0.30 each in the Company ("Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions for such purposes as the Directors may deem fit and expedient in the interest of the Company provided that:-

- i. the aggregate number of Shares which may be purchased and/or held as treasury shares does not exceed 10% of the total issued and paid up share capital of the Company;
- ii. the maximum amount to be allocated for the share buy-back shall not exceed the retained profits and the share premium account of the Company; and
- iii. the Shares purchased are to be treated in any of the following manner:-
 - a. cancel all or part of the purchased Shares; and/or
 - b. retain all or part of the purchased Shares as treasury shares; and/or
 - c. resell the treasury shares on Bursa Securities; and/or
 - d. distribute the treasury shares as share dividends to the shareholders of the Company for the time being.

AND THAT the authority conferred by this resolution shall commence upon the passing of this resolution until:-

- i. the conclusion of the next Annual General Meeting ("AGM") of the Company, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii. the expiration of the period within which the next AGM after that date is required by law to be held; or
- iii. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting of the Company,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of the Shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any other relevant government and/or regulatory authorities;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Renewal with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the Shares."