AWC BERHAD
(550098-A)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE 16TH ANNUAL GENERAL MEETING OF AWC BERHAD ("AWC" OR "THE COMPANY") HELD ON TUESDAY, 21 NOVEMBER 2017 AT 10.00 A.M. ("16th AGM")

Q1. Why did the Group record higher accruals of RM20,310,735 as at 30 June 2017 compared to RM7,957,183 as at 30 June 2016?

There was no significant change in the accruals of the Group. The increased accruals were due to different presentation format adopted.

Q2. It was noted that there was no revolving credit in the financial year ended 30 June 2016 ("FYE 2016"). Why is there a revolving credit of RM2,006,743 for the financial year ended 30 June 2017 ("FYE 2017").

In line with the business expansion of AWC Group (revenue grew approximately 19% Year on Year ("YoY"), the Company had obtained borrowings to cater for its working capital purpose. However, the Company is still financially strong and has a net cash position of RM66.61 million as at 30 June 2017.

Q3. What was the root cause for the termination of contract for the facilities management of Terminal Bersepadu Selatan in Bandar Tasik Selatan, Kuala Lumpur ("TBS Project") by the Government of Malaysia ("GOM")?

AWC Group has been in long term business relationship with GOM (by virtue of the Concession which originated in 1998).

The reasons for the contract termination was not specified. As stated in the announcements at the relevant time, the GOM had certain unresolved matters with the incumbent contractor.

The termination of the TBS Project was not due to the work performance of Ambang Wira Sdn. Bhd.

Nevertheless, we participated in, and successfully won several tenders for projects in Putrajaya, which replaced the TBS Project in terms of total revenue.

Q4. The Group has achieved order book of RM1.1 billion for the FYE 2017. What is the s plan for the Group to increase its order book in the future?

The Group is working on securing other contracts and is in the process of diversifying its business further into non-governmental sector. For the past 3 years, the Group has managed to reduce its dependency on the concession down to approximately 40% of Facilities Division Revenue.

For the next 2 years, the Group will focus on the areas of infrastructure and tap into the Public Expansion Plan of Government of Malaysia. One of the areas to look into is rail maintenance services.

The Group also intends to tap into the government public spending plan and formulate its business strategy accordingly in addition to working towards asset management rather than focusing purely on facility management.

Q5. Why the total dividend payout for the FYE 2017 dropped to 2.0 sen compared to 2.5 sen for the FYE 2016 despite good performance of the Group in FYE 2017?

Part of the reason for the higher dividend amount paid in last FYE 2016 was that the Board decided to reward the shareholders upon the successful renewal of the Concession. The Board adopts a prudent approach in declaring any dividends in order to cater for the future expansion/diversification of the Group.

Q6. Will the Company considers setting-up a dividend policy?

The Company has no plan to adopt a dividend policy. However, the Board will recommend/ declare the dividend based on financial performance of the Company on year-to-year basis. The dividend payout will also depend on the strategy and future growth of the Company.

Q7. As at 30 June 2017, the contingent liabilities of the Company of RM96.2 million almost doubled from RM52.5 million as at 30 June 2016. Could you give more insight on this?

The contingent liabilities of RM96.2 million are related to the corporate guarantees issued in favour of the financial institutions for credit facilities granted to certain subsidiaries of the Company. These contingent liabilities are reported at the Company level, and there are NIL at Group level. The increase in the contingent liabilities mirror the higher level of business within the Group (as signified by the increased revenue YoY).

Q8. What is the Company's dividend receivable of RM10.2 million as at 30 June 2017?

This dividend receivable is related to a dividend proposed by a subsidiary of AWC. At this point in time, the said dividend has not yet been confirmed.