

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad ("Bursa Securities") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



AWC BERHAD

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

- (I) **PROPOSED ACQUISITION BY AWC BERHAD ("AWC") OF 60% EQUITY INTEREST IN TRACKWORK & SUPPLIES SDN BHD ("TRACKWORK") FOR A TOTAL PURCHASE CONSIDERATION OF RM43,500,000 ("PROPOSED ACQUISITION");**
- (II) **PROPOSED GRANTING BY TRAKNIAGA SDN BHD ("TRAKNIAGA"), A SHAREHOLDER OF TRACKWORK HOLDING 40% EQUITY INTEREST THEREIN, OF A CALL OPTION FOR AWC TO REQUIRE TRAKNIAGA TO DISPOSE ALL THE REMAINING ORDINARY SHARES IN TRACKWORK HELD BY IT ("OPTION SHARES") TO AWC AND THE GRANTING BY AWC OF A PUT OPTION FOR TRAKNIAGA TO REQUIRE AWC TO ACQUIRE THE OPTION SHARES ("PROPOSED CALL/PUT OPTIONS"); AND**
- (III) **PROPOSED DIVERSIFICATION OF THE PRINCIPAL ACTIVITIES OF AWC AND ITS SUBSIDIARIES TO INCLUDE RAIL RELATED WORKS ("PROPOSED DIVERSIFICATION")**

PART B

PROPOSED GRANTS OF OPTIONS PURSUANT TO AWC'S EXISTING EMPLOYEES' SHARE OPTION SCHEME TO THE INDEPENDENT NON-EXECUTIVE DIRECTORS OF AWC ("PROPOSED GRANTS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING ("EGM")

Principal Adviser for Part A



RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of EGM of AWC together with the Proxy Form is enclosed in this Circular.

You are entitled to vote at the EGM. If you are unable to attend the EGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. In such event, you should complete and deposit the relevant Proxy Form at our Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the date and time fixed for holding the EGM or at any adjourned meeting. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging of the Proxy Form for the EGM	: Sunday, 3 June 2018 at 2.00 p.m.
Date and time for EGM	: Tuesday, 5 June 2018 at 2.00 p.m.
Venue of the EGM	: Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia

This Circular is dated 21 May 2018

PART A

- I. PROPOSED ACQUISITION;**
- II. PROPOSED CALL/PUT OPTIONS; AND**
- III. PROPOSED DIVERSIFICATION**

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout Part A of this Circular:-

AWC or Company	:	AWC Berhad (550098-A)
AWC Group or Group	:	AWC and its subsidiaries, collectively
AWC Share(s)	:	Ordinary share(s) in AWC
Board	:	Board of Directors of AWC
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Business Day(s)	:	A day (other than a Saturday, a Sunday or a public holiday) on which banks in Selangor Darul Ehsan are open for business
Call Option	:	Call option granted by Trakniaga for AWC to require Trakniaga to dispose all the Option Shares to AWC
Cash Consideration	:	RM20,000,000 in cash, to be paid as part settlement of the Purchase Consideration to the Sellers in the proportion set out in Section 2.1 of Part A of this Circular
Circular	:	This circular to shareholders of AWC dated 21 May 2018
Completion Date	:	Any date falling within 10 Business Days after the date all the conditions as set out in Section 2.1.10(i) of Part A of this Circular are satisfied or obtained or waived, or any other date as may be mutually agreed in writing between the Parties on which actual completion of the matters set out in Section 2.1.10(v) of Part A of this Circular, subject to any waiver pursuant to the SSA, shall take place
Consideration Share(s)	:	New AWC Share(s) to be issued and allotted as part settlement of the Purchase Consideration to the Sellers in the proportion set out in Section 2.1 of Part A of this Circular, comprising the Tranche 2 Consideration Shares, Tranche 3 Consideration Shares and Tranche 4 Consideration Shares, collectively
Cumulative Profit Guarantee	:	The Year 1 Profit Guarantee and the Year 2 Profit Guarantee, collectively
Cut-Off Date	:	The date falling three (3) months from the date of the SSA or such other date as may be mutually agreed between the Parties in writing
EGM	:	Extraordinary general meeting
EPS	:	Earnings per share
ESOS Option(s)	:	Options granted to the eligible employees or directors of the AWC Group pursuant to the ESOS Scheme
ESOS Scheme	:	Employees' share option scheme of AWC, which took effect on 9 October 2015 and will expire on 8 October 2020
Exercise Notice	:	The formal exercise notice served by AWC or Trakniaga in respect of their respective intentions to exercise the Proposed Call/Put Options
FYE	:	Financial year(s) ended/ending
Issue Price	:	Issue price of RM1.00 per Tranche 2 Consideration Share
LPD	:	23 April 2018, being the latest practicable date prior to the date of this Circular

DEFINITIONS (Cont'd)

NA	:	Net assets
Option Consideration Share(s)	:	New AWC Share(s) which will be issued and allotted as part/full settlement of the Option Price
Option Price	:	Option price for the Proposed Call/Put Options calculated in the manner set out in Section 2.1 of Part A of this Circular
Option Shares	:	All remaining Trackwork Shares held by Trakniaga
Parties	:	AWC and the Sellers, collectively
PAT	:	Profit after taxation
PBT	:	Profit before taxation
Proposals	:	Proposed Acquisition, Proposed Call/Put Options and Proposed Diversification, collectively
Proposed Acquisition	:	Proposed acquisition by AWC of 60% equity interest in Trackwork for the Purchase Consideration
Proposed Call/Put Options	:	The Call Option or Put Option, as the case may be
Proposed Diversification	:	Proposed diversification of the principal activities of the AWC Group to include rail related works
Purchase Consideration	:	The aggregate purchase consideration of RM43,500,000 for the Proposed Acquisition, which will be satisfied through a combination of the Cash Consideration and Consideration Shares
Put Option	:	Put option granted by AWC for Trakniaga to require AWC to acquire all the Option Shares held by Trakniaga
RHB Investment Bank or Principal Adviser	:	RHB Investment Bank Berhad (19663-P)
Sale Shares	:	3,000,000 Trackwork Shares representing 60% of the ordinary share capital of Trackwork
Sellers	:	The shareholders of Trackwork, namely Goh Poey Hong, Chong Kim Loong, Goh Tse Woei, Kong Keat Voon, Shaun Chan Thiam Eng, Chong Chong Hong and Lim Huey Yih, collectively
Shareholders' Agreement	:	Shareholders' agreement dated 28 February 2018 entered into by AWC, Trakniaga and Trackwork to govern the management and operation of Trackwork between the shareholders of Trackwork upon completion of the Proposed Acquisition
SSA	:	Conditional share sale agreement dated 28 February 2018 entered into by the Parties for the Proposed Acquisition
Trackwork	:	Trackwork & Supplies Sdn Bhd (498057-X)
Trackwork Share(s)	:	Ordinary share(s) in Trackwork
Trakniaga	:	Trakniaga Sdn Bhd (1208818-U), a shareholder of Trackwork, holding 40% equity interest therein

DEFINITIONS (Cont'd)

Tranche 2 Consideration Shares	:	11,500,000 Consideration Shares to be issued and allotted to the Sellers or their nominees on the Completion Date, at the Issue Price
Tranche 3 Consideration Shares	:	RM6,000,000 in value of Consideration Shares to be issued and allotted to the Sellers or their nominees, at an issue price which will be determined based on the five (5)-day VWAP of AWC Shares after the date of the signed audited financial statements of Trackwork for the FYE 30 September 2018
Tranche 4 Consideration Shares	:	RM6,000,000 in value of Consideration Shares to be issued and allotted to the Sellers or their nominees, at an issue price which will be determined based on the five (5)-day VWAP of AWC Shares after the date of the signed audited financial statements of Trackwork for the FYE 30 September 2019
VWAP	:	Volume weighted average market price
Year 1 Profit Guarantee	:	PAT of RM8,000,000 for the FYE 30 September 2018
Year 2 Profit Guarantee	:	PAT of RM12,000,000 for the FYE 30 September 2019

Acts & Guidelines

Act	:	Companies Act, 2016
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities

Currency

RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
------------	---	---

Reference to “**our Company**”, “**we**”, “**us**” and “**ourselves**” in Part A of this Circular are the Company and where the context otherwise requires, shall include our subsidiary companies. Reference to “**our Group**” is to our Company and our subsidiary companies. All references to “**you**” in Part A of this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in Part A of this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits), be constructed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to time of day in Part A of this Circular shall be a reference to Malaysian time, unless otherwise stated.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in our quarterly results or annual reports, is due to rounding.

Certain statements in Part A of this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by your Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in Part A of this Circular should not be regarded as a representation or warranty that our Group’s plans and objectives will be achieved.

TABLE OF CONTENTS

	PAGE
LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSALS CONTAINING:-	

1.	INTRODUCTION	1
2.	DETAILS OF THE PROPOSALS.....	3
3.	RATIONALE OF THE PROPOSALS	23
4.	INDUSTRY OVERVIEW AND PROSPECTS.....	23
5.	RISK FACTORS.....	26
6.	EFFECTS OF THE PROPOSALS.....	29
7.	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM.....	38
8.	APPROVALS REQUIRED	38
9.	DIRECTORS' STATEMENT AND RECOMMENDATION.....	38
10.	CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION	38
11.	HISTORICAL SHARE PRICES	39
12.	ESTIMATED TIMEFRAME FOR COMPLETION	39
13.	EGM.....	39
14.	FURTHER INFORMATION.....	40

APPENDIX

I	INFORMATION ON TRACKWORK	41
II	AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017.....	46
III	DIRECTORS' REPORT ON TRACKWORK.....	83
IV	FURTHER INFORMATION.....	84

NOTICE OF EGM ENCLOSED

PROXY FORM ENCLOSED



Registered Office
Third Floor, No. 79 (Room A)
Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

21 May 2018

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*)
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (*Independent Non-Executive Director*)
Ahri Bin Hashim (*Independent Non-Executive Director*)
Sureson A/L Krisnasamy (*Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam,

- I. PROPOSED ACQUISITION;**
- II. PROPOSED CALL/PUT OPTIONS; AND**
- III. PROPOSED DIVERSIFICATION**

1. INTRODUCTION

On 28 February 2018, RHB Investment Bank, on behalf of your Board, announced that our Company had on even date entered into the following agreements:-

- (i) the SSA with the Sellers for the proposed acquisition by our Company of 3,000,000 Trackwork Shares, representing 60% equity interest therein from the Sellers, for a total purchase consideration of RM43.50 million which will be satisfied through a combination of cash amounting to RM20.00 million and the balance RM23.50 million through the issuance and allotment of new AWC Shares; and
- (ii) the Shareholders' Agreement with Trakniaga and Trackwork for the following:-
 - (a) to govern the management and operation of Trackwork between the shareholders of Trackwork upon completion of the Proposed Acquisition;
 - (b) the granting by Trakniaga of a call option for our Company to require Trakniaga to dispose all the Option Shares to our Company; and

- (c) the granting by our Company of a put option for Trakniaga to require our Company to acquire all the Option Shares.

In conjunction with the Proposed Acquisition, our Company proposes to undertake a diversification of the principal activities of our Group to include rail related works as our Company envisages that the eventual contribution arising from the Proposed Acquisition will be more than 25% of the net profits of our Group and as such will result in a diversification of our Group's existing core business.

On 3 May 2018, RHB Investment Bank had, on behalf of your Board, announced that Bursa Securities had vide its letter dated 2 May 2018, approved the listing of and quotation for up to 51,500,000 Consideration Shares and up to 96,666,667 Option Consideration Shares on the Main Market of Bursa Securities, subject to the conditions set out in Section 8 of Part A of this Circular.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS TO BE TABLED AT OUR FORTHCOMING EGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF PART A OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS BY WAY OF POLL TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--

2. DETAILS OF THE PROPOSALS

2.1 Proposed Acquisition and Proposed Call/Put Options

The Proposed Acquisition entails the acquisition by our Company of 3,000,000 Trackwork Shares representing 60% equity interest therein from the Sellers, for the Purchase Consideration, in accordance with the terms and subject to the conditions of the SSA. The Sale Shares shall be acquired by our Company free from all encumbrances, together with all rights, interests, benefits and entitlements attaching thereto as at the date of actual completion of the matters set out in Section 2.1.10(v) of Part A of this Circular (subject to any waiver pursuant to the SSA) ("Completion"). The Purchase Consideration will be settled in the following manner:-

Sellers	Sale Shares			Mode of settlement				Purchase Consideration (RM)	
	Number of Trackwork Shares	Percentage of Sale Shares (i) (%)	Percentage of total issued share capital of Trackwork (ii) (%)	Cash Consideration		Consideration Shares			
				Tranche 1 (iii) (RM)	Tranche 2 (iv) (RM)	Tranche 2 (v) (RM)	Tranche 3 (vi) (RM)		Tranche 4 (vi) (RM)
Goh Poey Hong	545,000	18.16	10.90	363,200.00	3,268,800.00	2,088,400.00	1,089,600.00	1,089,600.00	7,899,600.00
Chong Kim Loong	545,000	18.16	10.90	363,200.00	3,268,800.00	2,088,400.00	1,089,600.00	1,089,600.00	7,899,600.00
Goh Tse Woei	800,000	26.67	16.00	533,400.00	4,800,600.00	3,067,050.00	1,600,200.00	1,600,200.00	11,601,450.00
Kong Keat Voon	800,000	26.67	16.00	533,400.00	4,800,600.00	3,067,050.00	1,600,200.00	1,600,200.00	11,601,450.00
Shaun Chan Thiam Eng	199,999	6.67	4.00	133,400.00	1,200,600.00	767,050.00	400,200.00	400,200.00	2,901,450.00
Chong Chong Hong	50,001	1.67	1.00	33,400.00	300,600.00	192,050.00	100,200.00	100,200.00	726,450.00
Lim Huey Yih	60,000	2.00	1.20	40,000.00	360,000.00	230,000.00	120,000.00	120,000.00	870,000.00
Total	3,000,000	100.00	60.00	2,000,000.00	18,000,000.00	11,500,000.00	6,000,000.00	6,000,000.00	43,500,000.00

Notes:-

⁽ⁱ⁾ Calculated based on the total of 3,000,000 Sale Shares.

⁽ⁱⁱ⁾ Calculated based on the total issued share capital of Trackwork comprising 5,000,000 Trackwork Shares as at LPD.

⁽ⁱⁱⁱ⁾ The cash deposit of RM2,000,000 equivalent to 10% of the Cash Consideration ("Deposit") was paid to the Sellers' solicitors as stakeholder upon signing of the SSA.

^(iv) The balance Cash Consideration will be paid to the Sellers on the Completion Date.

^(v) Comprising 11,500,000 Tranche 2 Consideration Shares.

^(vi) In accordance with the terms of the SSA, in the event Trackwork achieves the Year 1 Profit Guarantee and Year 2 Profit Guarantee, our Company will issue and allot the Tranche 3 Consideration Shares and the Tranche 4 Consideration Shares to the Sellers at an issue price which will be determined based on the five (5)-day VWAP of AWC Shares after the date of the signed audited financial statements of Trackwork for the respective financial years. For purposes of Part A of this Circular, the Tranche 3 Consideration Shares and Tranche 4 Consideration Shares are assumed to be issued at RM1.00 per Consideration Share, being the Issue Price for the Tranche 2 Consideration Shares. Further details on the Cumulative Profit Guarantee are set out below.

In accordance with the terms of the SSA, the Sellers have guaranteed that Trackwork will achieve the Cumulative Profit Guarantee for the FYEs 30 September 2018 and 30 September 2019. As a pledge for the Cumulative Profit Guarantee, such cumulative number of Consideration Shares worth RM12.00 million ("**Retention Sum**") will be withheld and shall be dealt with in the following manner:-

(i) Year 1 Profit Guarantee

In the event the Year 1 Profit Guarantee is exceeded, such excess PAT shall be taken into account in determining the achievement of the Year 2 Profit Guarantee.

In the event the Year 1 Profit Guarantee is achieved, our Company will issue and allot such cumulative number of Consideration Shares worth RM6.00 million ("**Tranche 3 Retention Sum**") to the Sellers.

In the event the Sellers are unable to meet the Year 1 Profit Guarantee, the shortfall to the Year 1 Profit Guarantee ("**Year 1 Shortfall**") (after deducting the Tax Recovery (as set out in Section 2.1.10(iv)(c) of Part A of this Circular), if any) will be dealt with in the following manner:-

- (a) if the Year 1 Shortfall is less than the Tranche 3 Retention Sum, such shortfall will be deducted from the Tranche 3 Retention Sum and the balance of the Tranche 3 Retention Sum thereafter will be used to determine the number of Tranche 3 Consideration Shares to be issued to the Sellers; or
- (b) if the Year 1 Shortfall exceeds the Tranche 3 Retention Sum, such shortfall will firstly be fully deducted from the Tranche 3 Retention Sum and the remaining shortfall thereafter shall be paid by the Sellers in cash to our Company within five (5) Business Days of the date of the written notice by our Company. Solely for illustrative purposes, assuming that the Year 1 Shortfall is RM8.00 million, the amount payable by the Sellers to our Company in cash shall be determined as follows:-

$$\begin{aligned}
 \text{Amount payable in cash} &= \text{RM8,000,000 (Year 1 Shortfall)} - \text{RM6,000,000 (Tranche 3 Retention Sum)} \\
 &= \underline{\underline{\text{RM2,000,000}}}
 \end{aligned}$$

(ii) Year 2 Profit Guarantee

In the event the Year 2 Profit Guarantee is exceeded, such excess PAT shall be taken into account in determining the achievement of the Cumulative Profit Guarantee.

In the event the Year 2 Profit Guarantee is achieved, our Company will issue and allot such cumulative number of Consideration Shares worth RM6.00 million ("**Tranche 4 Retention Sum**") to the Sellers.

For the avoidance of doubt, if our Company has deducted and/or the Sellers have paid for the Year 1 Shortfall and Trackwork achieves the Cumulative Profit Guarantee, our Company shall issue and allot the Consideration Shares equivalent to the amount deducted from the Tranche 3 Retention Sum and to issue and allot the Tranche 4 Consideration Shares to the Sellers, in the manner set out in Section 2.1.10(iv)(d) of Part A of this Circular.

In the event the Sellers are unable to meet the Year 2 Profit Guarantee, the shortfall (after deducting the Tax Recovery, as set out in Section 2.1.10(iv)(d) of Part A of this Circular, if any) will firstly be deducted against any excess from the Year 1 Profit Guarantee and the remaining shortfall thereafter ("**Remaining Shortfall**") will be dealt with in the following manner:-

- (a) if the Remaining Shortfall is less than the Tranche 4 Retention Sum, such shortfall will be deducted from the Tranche 4 Retention Sum and the balance of the Tranche 4 Retention Sum thereafter will be used to determine the number of Tranche 4 Consideration Shares to be issued to the Sellers; or
- (b) in the event the Remaining Shortfall exceeds the Tranche 4 Retention Sum, such shortfall will firstly be fully deducted from the Tranche 4 Retention Sum and the remaining shortfall thereafter shall be paid by the Sellers in cash to our Company within five (5) Business Days of the date of the written notice by our Company.

For the avoidance of doubt, all sums payable by the Seller shall be made or effected within 30 days from the date of the signed audited financial statements of Trackwork for the respective financial years. In the event the Sellers fail to pay the remaining shortfall in cash to our Company, this will amount to a breach of the SSA and our Company will be able to initiate legal action against the Sellers.

Pursuant to the Shareholders Agreement, our Company, Trakniaga and Trackwork have also agreed on the following:-

- (i) the granting by Trakniaga of the Call Option which shall only be exercised by our Company at any time from the expiry of the Cumulative Profit Guarantee period up to the fifth (5th) anniversary of the Completion ("**Call Option Period**"); and
- (ii) the granting by our Company of the Put Option which shall only be exercised by Trakniaga at any time during a period of six (6) months, commencing from the expiry of the Call Option Period.

The Option Price shall be calculated in the following manner:-

$$\text{Option Price} = [A \times 7.25] \times B$$

Where:-

A = PAT (excluding any unusual or non-recurring or exceptional items) based on the latest audited financial statements of Trackwork

B = The percentage of the Option Shares in the equity of Trackwork

The Option Price shall be satisfied in cash and/or through the issuance of the Option Consideration Shares at an issue price to be determined based on the five (5)-day VWAP of AWC Shares as at the date of the Exercise Notice. The mode of settlement of the Option Price shall be at the absolute discretion of our Company.

For information purposes, the Proposed Call/Put Options, if exercised, shall be in respect of all of the Option Shares held by Trakniaga and shall be acquired free from all encumbrances, together with all rights, interests, benefits and entitlements attaching thereto as at completion of the Proposed Call/Put Options.

2.1.1 Mode of settlement of the Purchase Consideration and the Option Price

As set out in Section 2.1 of Part A of this Circular, the Purchase Consideration will be settled through a combination of the Cash Consideration and Consideration Shares. In the event the Proposed Call/Put Options is exercised, the Option Price is expected to be settled through a combination of cash and/or Option Consideration Shares, the exact proportion of which is yet to be determined at this juncture.

The mode of settlement of the Purchase Consideration was determined after taking into consideration the prevailing cash flow position, gearing and working capital requirements of our Group. In addition, the issuance and allotment of the Consideration Shares to the Sellers will introduce them as shareholders of our Company and through their equity participation, our Company believes that we will be able to leverage on the Sellers' rail related experience to grow the business of Trackwork.

In determining the mode of settlement of the Option Price, our Company will take into consideration the prevailing cash flow position, gearing and working capital requirements of our Group immediately preceding the exercise of the Proposed Call/Put Options.

2.1.2 Basis of and justification for the Purchase Consideration and the Option Price

The Purchase Consideration was arrived at based on a "willing buyer-willing seller" basis after taking into consideration the following:-

- (i) the rationale and benefits of the Proposed Acquisition set out in Section 3.1 of Part A of this Circular;
- (ii) the favourable outlook and prospects of the rail industry set out in Section 4.2 of Part A of this Circular;
- (iii) Trackwork's historical financial performance and its track record in successfully bidding and tendering for new projects and executing/delivering the same on a timely basis;
- (iv) Trackwork's existing orderbook (based on contract value) of approximately RM120.0 million for the next two (2) FYEs 30 September 2018 and 30 September 2019;
- (v) the Cumulative Profit Guarantee of RM20.00 million as guaranteed by the Sellers, which yields an average Cumulative Profit Guarantee of RM10.00 million for each of the FYEs 30 September 2018 and 30 September 2019; and
- (vi) the lower end of the price earning ("PE") multiples of the Comparable Companies which ranges between 7.18 times to 31.67 times as set out in the table below.

The management of our Company ("**Management**") is not aware of any company listed on Bursa Securities that is directly comparable to Trackwork in terms of business activities. In determining an indicative and/or benchmark valuation for your Board's consideration, your Management had relied on information available in the public domain to identify public listed companies in Malaysia which have been awarded/have carried out rail related projects, as proxies.

Your Board noted that the public companies listed on the Main Market of Bursa Securities with involvement in railway related works or projects ("**Comparable Companies**") are predominantly made up of construction companies which may have diversified businesses and are also significantly larger in terms of, among others, scale of operations and capital structure.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--

The PE multiples of the Comparable Companies are set below:-

Comparable Company	Principal activities	Market capitalisation as at 21 February 2018 (RM million)	Closing price as at 21 February 2018 (RM)	EPS ⁽ⁱ⁾ (RM)	PE ⁽ⁱⁱ⁾ (times)
Fajarbaru Builder Group Berhad ("Fajarbaru")	Investment holding company which provides management services. Through its subsidiaries, Fajarbaru has operations in construction, project management, and trades construction materials. Fajarbaru also manufactures ready-mix concrete. Fajarbaru has completed various rail related projects including the double-track (Seremban-Gemas), light rail transit ("LRT") and a depot.	294.29	0.79	0.11	7.18
Malaysian Resources Corporation Berhad ("MRCB")	Investment holding company. Through its subsidiaries, the company provides construction and engineering services and property development as well as properties and facilities management. MRCB is involved in the construction of, among others, the Mass Rapid Transit ("MRT") 2 and Ampang Line LRT extension (Package B) as well as the LRT 3.	5,093.30	1.16	0.14	8.29
Gabungan AQRS Berhad ("GAB")	Construction and property development activities. GAB is involved in the construction of the Klang Valley MRT Line 1 and LRT 3.	875.70	1.90	0.06	31.67
Sunway Construction Group Berhad ("SunCon")	Construction and engineering services. SunCon was involved in the construction of Kelana Jaya Line LRT Extension and the MRT Project Sg Buloh – Kajang Package V4. Further, SunCon was also awarded the Package GS07-08 for LRT 3 in 2017.	3,140.16	2.43	0.10	24.30
WCT Holdings Berhad ("WCT")	Civil engineering, specialising in earthworks, highway construction, and related infrastructure works. WCT also operates in property investment and property development as well as trades building materials. WCT is currently involved in the construction of, among others, the LRT 3 Package GS03, the MRT2 Package S204 and the LRT 3 work Package GS02.	2,279.12	1.62	0.06	27.00

Comparable Company	Principal activities	Market capitalisation as at 21 February 2018 (RM million)	Closing price as at 21 February 2018 (RM)	EPS ⁽ⁱ⁾ (RM)	PE ⁽ⁱⁱ⁾ (times)
George Kent Malaysia Berhad ("GKMB")	Manufacturing of water meters and waterworks fittings, markets industrial measurement, and designs and supplies instrumentation and process control systems. Through its subsidiaries, the company manufactures brass extrusions, and maintains water treatment plants. GKMB completed and put into operation the systems works for the Ampang LRT Line Extension. GKMB won the contract to, among others, design and build the MRT Sungai Buloh-Serdang-Putrajaya Line.	2,247.44	3.99	0.27	14.78
<div> <div>Highest</div> <div>Lowest</div> <div>Simple average</div> <div>Purchase Consideration PE multiple</div> </div>					<div>31.67</div> <div>7.18</div> <div>18.87</div> <div>7.25</div>

(Source: Bloomberg and the annual reports of the respective companies)

Notes:-

- ⁽ⁱ⁾ The EPS is extracted from the latest audited financial statements of the respective Comparable Companies.
- ⁽ⁱⁱ⁾ Computed based on the closing price as at 21 February 2018 over the audited EPS of the respective Comparable Companies.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

The Purchase Consideration PE multiple of 7.25 times was agreed upon based on negotiations between our Company and the Sellers after taking into consideration the trading PE multiples for the Comparable Companies.

Your Board deems the Purchase Consideration PE multiple accorded to Trackwork as reasonable after taking into consideration the following:-

- (i) the issue price of RM1.00 per Tranche 2 Consideration Share represents a PE multiple of approximately 11.96 times based on the audited EPS of our Company of 8.36 sen for the FYE 30 June 2017, which is higher than the Purchase Consideration PE multiple;
- (ii) the issuance of the Tranche 2 Consideration Shares at a relatively higher PE multiple as compared to the Purchase Consideration PE multiple. This reduces the number of AWC Shares to be issued to satisfy the Purchase Consideration and accordingly results in a lower dilution to our existing shareholders' percentage shareholdings in our Company; and
- (iii) the Purchase Consideration PE multiple is at the lower end of the range of PE multiples of the Comparable Companies which ranges between 7.18 times to 31.67 times and also represents a discount of approximately 61.58% to the simple average PE multiple of the Comparable Companies of 18.87 times, as set out above.

Similarly, the Option Price was also arrived at on a "willing buyer-willing seller" basis and will be based on the following:-

- (i) the same PE multiple of 7.25 times as ascribed to the Purchase Consideration;
- (ii) the latest PAT of Trackwork at the point the Exercise Notice is served; and
- (iii) the percentage of Option Shares in the equity of Trackwork.

Your Board is also of the view that the Cumulative Profit Guarantee is reasonable and realistic after taking into consideration, among others, the following:-

- (i) the favourable overview and outlook of the rail related industry in which Trackwork is operating in set out in Section 4.2 of Part A of this Circular as well as the prospects of Trackwork set out in Section 4.3 of Part A of this Circular;
- (ii) Trackwork's historical financial performance and its track record in successfully bidding and tendering for new projects and executing/delivering the same on a timely basis; and
- (iii) Trackwork's existing orderbook of approximately RM120.00 million for the supply of track materials/machineries/fittings including secured sales commission income of approximately RM6.80 million from contracts secured by their international principals for the next two (2) FYEs 30 September 2018 and 30 September 2019. Further details on Trackwork's historical projects are set out in Section 7 of Appendix I of Part A of this Circular and Trackwork's on-going and future projects are set out in Section 8 of Appendix I of Part A of this Circular.

2.1.3 Basis of and justification for the Issue Price of the Consideration Shares and the Option Consideration Shares

The Issue Price for the Tranche 2 Consideration Shares represents a premium of approximately 24.41% to the five (5)-day VWAP of AWC Shares up to and including 27 February 2018, being the last trading day prior to the date of the SSA, of RM0.8038.

In determining the issue price of RM1.00 per Tranche 2 Consideration Share, your Board had considered the following:-

- (i) the Cumulative Profit Guarantee given by the Sellers which spans across two (2) financial years; and
- (ii) the historical VWAP of AWC Shares up to and including 27 February 2018, being the last trading day prior to the date of the SSA, as follows:-

Period	VWAP	Premium/(Discount)	
	(RM)	(RM)	(%)
Five (5)-days	0.8038	0.1962	24.41
One (1)-month	0.7961	0.2039	25.61
Three (3)-months	0.8293	0.1707	20.58
Six (6)-months	0.9202	0.0798	8.67
One (1)-year	1.0170	(0.0170)	(1.67)

Your Board had decided to fix the issue price for the Tranche 2 Consideration Share at RM1.00, based on the one (1)-year VWAP of AWC Shares up to and including 27 February 2018, of RM1.0170, rounded down to the nearest RM.

Your Board believes that the Issue Price of RM1.00 for the Tranche 2 Consideration Share is reasonable given that it approximates the highest VWAP in the last 12-months period and the issuance of the Tranche 2 Consideration Shares at the Issue Price will minimise the dilution in the percentage shareholdings of our shareholders, as opposed to a lower issue price.

Your Board also notes that the Issue Price represents a premium of RM0.46 or approximately 85.19% over the audited NA per AWC Share of RM0.54 as at the FYE 30 June 2017 and a PE multiple of approximately 11.96 times calculated based on the audited EPS of our Company of 8.36 sen for the FYE 30 June 2017.

The issue price for the Tranche 3 Consideration Shares and Tranche 4 Consideration Shares will be determined at a later date based on the five (5)-day VWAP of AWC Shares after the date of the signed audited financial statements of Trackwork for the respective FYEs 30 September 2018 and 30 September 2019.

The issue price per Option Consideration Share (if applicable) will be determined at a later date based on the five (5)-day VWAP of AWC Shares as at the date of the Exercise Notice.

2.1.4 Ranking of the Consideration Shares and the Option Consideration Shares

The Consideration Shares and the Option Consideration Shares shall, upon issuance and allotment, rank equally in all respects with the then existing AWC Shares, save and except that they shall not be entitled to any dividend, right, allotment and/or any other form of distribution which may be declared, made or paid to the shareholders of our Company, the entitlement date of which is prior to the date of issuance and allotment of the respective tranche of the Consideration Shares and the Option Consideration Shares.

2.1.5 Listing of and quotation for the Consideration Shares and the Option Consideration Shares

The Consideration Shares and Option Consideration Shares will be listed and quoted on the Main Market of Bursa Securities.

2.1.6 Source of funding

For the avoidance of doubt, the Cash Consideration and Option Price (whether satisfied partially or fully in cash) are expected to be funded via internally generated funds and/or bank borrowings, the exact proportion of which has yet to be determined at this juncture.

2.1.7 Assumption of liabilities

There is no liability, including any contingent liability and guarantee, to be assumed by our Company pursuant to the Proposed Acquisition and the Proposed Call/Put Options.

2.1.8 Information on Trackwork

Trackwork was incorporated in Malaysia under the name of NR Agro Tech Sdn Bhd on 2 November 1999 under the Companies Act, 1965 ("CA 1965") as a private limited company and is deemed registered under the Act. On 30 September 2000, Trackwork assumed its present name. As at LPD, the total issued share capital of Trackwork is 5,000,000 Trackwork Shares.

Trackwork's principal activities include supplying of track materials and rolling stock, maintenance of railway tracks, supplying and commissioning of track tools, equipment and machineries, supplying of depot equipment and tools, as well as track diagnostics and monitoring systems in Malaysia. As at LPD, Trackwork does not have any subsidiary and/or associated company.

As at LPD, the directors, shareholders and their respective shareholdings in Trackwork are as follows:-

Name	Number of Trackwork Shares	%
<u>Directors and shareholders</u>		
Goh Poey Hong	545,000	10.90
Chong Kim Loong	545,000	10.90
Goh Tse Woei	800,000	16.00
Kong Keat Voon	800,000	16.00
<u>Shareholders</u>		
Shaun Chan Thiam Eng	199,999	4.00
Chong Chong Hong	50,001	1.00
Lim Huey Yih	60,000	1.20
Trakniaga	2,000,000	40.00
Total	5,000,000	100.00

2.1.9 Information on Trakniaga

Trakniaga was incorporated in Malaysia on 11 November 2016 under the CA 1965 as a private limited company and is deemed registered under the Act. As at LPD, the total issued share capital is 2,000,100 ordinary shares in Trakniaga ("Trakniaga Shares").

Trakniaga's principal activities are trading and construction. As at LPD, Trackwork is an associated company of Trakniaga.

As at LPD, the directors, shareholders and their respective shareholdings in Trakniaga are as follows:-

Name	Number of Trakniaga Shares	%
Directors and shareholders		
Goh Tse Woei	533,384	26.66
Kong Keat Voon	533,384	26.66
Shareholders		
Chong Chong Hong	33,331	1.67
Chong Kim Loong	363,334	18.17
Goh Poey Hong	363,334	18.17
Lim Huey Yih	40,000	2.00
Shaun Chan Thiam Eng	133,333	6.67
Total	2,000,100	100.00

2.1.10 Salient terms of the SSA

(i) Conditions

The obligations of the Sellers to sell and our Company to buy the Sale Shares on the terms of the SSA are conditional on the following being satisfied or obtained or waived (as the case may be) on or before the date, no later than the Cut-Off Date:-

- (a) the passing of an ordinary resolution by the shareholders of our Company at a general meeting:-
 - (I) approving the Proposed Acquisition pursuant to the terms of the SSA; and
 - (II) approving the issuance and allotment of the Consideration Shares.
- (b) the approval of Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities which was obtained on 2 May 2018;
- (c) our Company receiving the written letter of consent issued by each of the financial institutions set out in the SSA to be addressed to Trackwork subject to the terms reasonably acceptable by our Company and Trackwork in respect of the following:-
 - (I) change to the shareholders or directors of Trackwork pursuant to the SSA; and
 - (II) alteration of the Constitution of Trackwork in accordance with the Shareholders' Agreement.

(Collectively referred to as the "Conditions").

(ii) Obligations to fulfill Conditions

- (a) Each party undertakes to use all reasonable endeavours to ensure that the respective Conditions for which it is responsible are fulfilled to the satisfaction of the other party before the Cut-Off Date. If, at any time prior to the Completion Date, our Company and/or the Sellers become aware of a fact or circumstance which might prevent any of the Conditions from being satisfied, it shall immediately inform the other party of the same by written notice.

- (b) Notwithstanding the foregoing our Company undertakes to convene an EGM for our shareholders to consider approving the Proposed Acquisition and the issuance and allotment of the Consideration Shares for the purpose of fulfilling a Condition as soon as practicable upon the execution of the SSA and in any event on or before the Cut-Off Date.
- (c) The Sellers shall cause Trackwork to apply for (or continue its application for) the issue of a manufacturing licence ("Manufacturing Licence") from the Ministry of International Trade and Industry and Malaysian Investment Development Authority ("MIDA") for its business activity i.e. assembly of insulated glued joint kit ("said Activity") and upon the issue of the Manufacturing Licence, issue a notification to MIDA of the sale of the Sale Shares by the Sellers and the change to the shareholders/directors of Trackwork in accordance with the SSA and the Shareholders' Agreement (if notification is required under the terms of the Manufacturing Licence). In the event the Manufacturing Licence is not obtained by Trackwork at Completion, the Sellers shall at any time thereafter, at the request of our Company only carry out the said Activity at each relevant project site.

(iii) Cut-Off Date

In the event that any of the Conditions set out in Sections 2.1.10(i)(a) and 2.1.10(i)(b) are not obtained by our Company or Section 2.1.10(i)(c) has not been fulfilled by the Sellers, or are not waived by our Company on or before the Cut-Off Date, our Company shall have the absolute right not to proceed to the completion of the SSA and the Sellers' solicitors shall refund to our Company the Deposit, together with interest accrued in full. Upon termination, neither party shall have any claim against the other party in respect of the subject matter of the SSA save for any antecedent breach.

(iv) Purchase Consideration

The Purchase Consideration shall be paid in the following manner:-

(a) Tranche 1

upon signing of the SSA, the Deposit to be paid in cash to the Sellers' solicitors to hold as stakeholders in an interest bearing account and the Sellers' solicitors shall confirm the receipt of the Deposit to our Company and our Company's solicitors. For the avoidance of doubt, the Deposit shall be released to the Sellers on the Completion Date in their respective proportion or refunded to our Company in the event any of the Conditions are not fulfilled, and such Conditions are not waived by our Company before the Cut-Off Date.

(b) Tranche 2

on the Completion Date:-

- (I) the Deposit shall be released by the Sellers' solicitors to the Sellers in their respective proportion;
- (II) subject to the SSA, RM18,000,000 to be paid in cash as completion payment to the Sellers in their respective proportion; and
- (III) 11,500,000 AWC Shares being the Tranche 2 Consideration Shares shall be issued and allotted to the Sellers and/or their nominees.

(c) Tranche 3

- (I) the Tranche 3 Consideration Shares will form part of the Tranche 3 Retention Sum and all or part of the Tranche 3 Consideration Shares will be issued and allotted by our Company at the expiry of the Year 1 Profit Guarantee period subject to the achievement of the Year 1 Profit Guarantee and the adjustment as set out in Section 2.1(i) of Part A of this Circular to the Tranche 3 Retention Sum, if any;
- (II) the number of Tranche 3 Consideration Shares will be determined based on the following formula:-

$$\text{Number of Tranche 3 Consideration Shares} = \frac{\text{RM6,000,000} - X}{\text{Issue Price}}$$

rounded down to the nearest one whole AWC Share.

Where:-

Issue Price = the five (5)-day VWAP after the date of the signed audited financial statements of Trackwork for the FYE 30 September 2018

X = Year 1 Shortfall, if any, after taking into account any tax recovery which is allowed by the tax authorities arising from the additional taxes and penalties on Trackwork's tax audit on 2012, 2013, 2014 and 2015 amounting to a total of RM1,797,903.58 ("**Tax Recovery**"), if any, and which was not already used under the tax indemnity provided by the Sellers pursuant to the SSA ("**Tax Indemnity**")

(d) Tranche 4

- (I) the Tranche 4 Consideration Shares will form part of the Tranche 4 Retention Sum and all or part of the Tranche 4 Consideration Shares will be issued and allotted by our Company at the expiry of the Year 2 Profit Guarantee period subject to the achievement of the Year 2 Profit Guarantee and the adjustment to the Tranche 4 Retention Sum, as set out in Section 2.1(ii) of Part A of this Circular, if any.
- (II) the number of Tranche 4 Consideration Shares will be determined based on the following formula (where applicable):-

1. If Year 2 Profit Guarantee is met:-

$$\begin{array}{l} \text{Number} \\ \text{Tranche} \\ \text{Consideration} \\ \text{Shares} \end{array} \text{ of } 4 = \frac{\text{RM6,000,000} + X^*}{\text{Issue Price}}$$

* (If the Cumulative Profit Guarantee is met)

2. If Year 2 Profit Guarantee is not met and there is Year 1 Excess Profit:-

$$\begin{array}{l} \text{Number} \\ \text{Tranche} \\ \text{Consideration} \\ \text{Shares} \end{array} \quad \begin{array}{l} \text{of} \\ 4 \end{array} = \frac{(\text{RM6,000,000} - T)}{\text{Issue Price}}$$

3. If Year 2 Profit Guarantee is not met and there is no Year 1 Excess Profit:-

$$\begin{array}{l} \text{Number} \\ \text{Tranche} \\ \text{Consideration} \\ \text{Shares} \end{array} \quad \begin{array}{l} \text{of} \\ 4 \end{array} = \frac{\text{RM6,000,000} - Y - Z}{\text{Issue Price}}$$

rounded down to the nearest one (1) whole AWC Share.

Where:-

Issue Price = the five (5)-day VWAP after the date of the signed audited financial statements of Trackwork for the FYE 30 September 2019

Y = Year 2 Shortfall and any Tax Recovery which was not already used in meeting the Year 1 Profit Guarantee, if any and under the Tax Indemnity

Z = Any Year 1 Shortfall which was not topped up by the Sellers

T = Any shortfall of the Year 2 Profit Guarantee after taking into account Year 1 Excess Profit (as defined below) and any Tax Recovery which was not already used in meeting the Year 1 Profit Guarantee, if any and under the Tax Indemnity

(v) Completion

Subject to the satisfaction of the Conditions or the waiver of any such Conditions, completion shall take place on the Completion Date or such earlier or later date as the Parties may mutually agree upon which the Sellers shall deliver to our Company the following:-

(a) a confirmation or undertaking letter from the Sellers that:-

- (I) all warranties have been complied with in all material respects, and are true and accurate as at the Completion Date;
- (II) there is no change of circumstances which makes it unlawful for the Sellers to sell the Sale Shares to our Company; and

- (III) the sale of the Sale Shares as well as the obligation of our Company to purchase the Sale Shares are not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia on or before the Completion Date;
 - (b) such waivers, consents, notification or other documents as may be required as part of the conditions to give good title to the Sale Shares and to enable our Company to become the registered holder and beneficial owner of the Sale Shares provided that our Company shall be responsible to pay stamp duty in respect of the transfer of the Sale Shares;
 - (c) the original share certificates in respect of the Sale Shares in favour of the Sellers to be cancelled together with duly completed and signed instruments of transfer of the Sale Shares in favour of our Company or its nominee;
 - (d) the board resolution of Trackwork approving the transfer of the Sale Shares to Trackwork or its nominee and all other necessary documents to effect the transfer of the Sale Shares in favour of our Company or its nominee;
 - (e) the original Tax Indemnity executed by each of the Sellers;
 - (f) the duly signed and dated resignation letters of Mr. Chong Kim Loong and Mr. Goh Poey Hong ("**Outgoing Directors**") as the Directors and employees of Trackwork and the Outgoing Directors have no claim against Trackwork in respect of breach of contract, compensation for loss of office, redundancy or unfair dismissal or on any other grounds whatever;
 - (g) the board resolution of Trackwork for the appointment of up to three (3) new directors nominated by our Company to the board of Trackwork, and the resignation from the Outgoing Directors;
 - (h) if required by our Company, the resignation of the existing auditor of Trackwork, with a written confirmation from the existing auditor of Trackwork, confirming that they have no outstanding claims of any kind;
 - (i) if required by our Company, the appropriate forms to amend the mandates given by Trackwork to its bankers and to include signatories to such person(s) as nominated by our Company in lieu of the existing signatories and the signatory mandates given to the Trackwork's banker(s) and securities firm(s) in accordance with the signing matrix set out in the SSA; and
 - (j) the management accounts of Trackwork up to the most recent month preceding the Completion or such other period as may be required by our Company.
- (vi) **Limitation of liability**
- (a) Save for the Tax Indemnity and the Special Indemnity (as defined below), the maximum aggregate liability of the Sellers in respect of all warranties, indemnities under or in connection with the SSA shall not exceed the amount of RM22,000,000.
 - (b) Save for the Tax Indemnity and the Special Indemnity, no liability shall attach to the Sellers in respect of a claim under a warranty or indemnity unless the amount of each claim exceeds RM150,000 ("**Minimum Threshold**"), such claims being ignored for the purposes of calculating the liability of the Sellers under SSA. If cumulatively, such claim RM300,000 in aggregate, the Sellers shall be liable for the whole amount of any claim made by our Company and not just the amount in excess of Minimum Threshold.

- (c) For the avoidance of doubt, the limitation shall not apply:-
- (I) in any case where the relevant claim or claims has arisen by reason of fraud, wilful concealment or dishonesty on the part of the Sellers; or
 - (II) breach of warranties given by the Sellers.

“Special Indemnity” means:-

- (a) to fully indemnify our Company at all times against losses, damages, costs, claims, proceedings, demands and expenses indemnified which our Company may suffer, incur, or pay as a result of or by reason of any breach of any of the warranties given by the Sellers or any other material breach by any of the Sellers of his undertakings, covenants or obligations under the SSA; and:-
- (b) to keep our Company indemnified against:-
 - (i) any diminution in value of the assets of, or shares in Trackwork;
 - (ii) any payment made or required to be made by Trackwork or our Company;
 - (iii) any costs and expenses incurred by Trackwork or our Company;as a result of or in connection with:-
 - (A) any tax claim pursuant to the Tax Indemnity;
 - (B) any liability or penalty which may be imposed by the Ministry of International Trade and Industry and/or MIDA in relation to the breach of not obtaining the manufacturing licence prior to conducting the business activities (as a result of the matter set out in Section 2.1.10(ii)(c) of Part A of this Circular);
 - (C) non-compliance of Sections 12(2) and 60F of the Employment Act 1955;
 - (D) non-compliance of the terms and conditions of the letters of offer dated 3 August 2015 and 5 January 2011 in relation to the banking facilities granted to Trackwork and technology license agreement dated 30 June 2016 entered into by Trackwork as set out in the SSA;
 - (E) any losses incurred or suffered by Trackwork arising from the failure to take-up and/or maintain insurance policies required for the operation of its business and/or carrying out the contracts in relation to projects entered into by Trackwork prior to Completion; and
 - (F) any stamp duties payable and penalties, in the event any of the contracts and/or agreements of Trackwork which were entered into by Trackwork prior to the Completion, are required to be stamped for use as evidence in court or for any other legal or valid reason purposes.

(vii) Event of termination by our Company

Any of the following events of default by the Sellers:-

- (a) the Sellers materially breach all or any of the provisions of the SSA or any of the warranties and (if the breach is capable of being remedied) the defaulting party fails to remedy the breach within 45 days, following the issuance of the notice by the non-defaulting party to the defaulting party; or
- (b) any of the Sellers becomes insolvent; or
- (c) the Sellers do not complete the transfer of all or any of the Sale Shares; or
- (d) if it appears that any of the warranties is or has become materially inaccurate or misleading,

and on such notice being given, the termination consequences set out in Section 2.1.10(ix) of Part A of this Circular shall apply.

(viii) Event of termination by the Sellers

Any of the following events of default by our Company:-

- (a) our Company becomes insolvent; or
- (b) our Company does not make payment of the Cash Consideration and/or issue and allot the Consideration Shares in favour of the Sellers on the Completion Date.

(ix) Termination consequences

- (a) If the SSA is terminated in accordance with Section 2.1.10(vii) of Part A of this Circular, all obligations and liabilities of the Parties shall cease and determine and the Sellers' solicitors shall refund to our Company the Deposit, together with interest accrued in full and pay in full RM1,000,000 being our Company's breakeven fee. Thereafter no party shall have any claim against the other, save for any antecedent breach of the SSA.
- (b) If the SSA is terminated in accordance with Section 2.1.10(viii) of Part A of this Circular, all obligations and liabilities of the Parties shall cease and determine and the Sellers' solicitors shall refund to our Company the Deposit, together with interest accrued in full after deducting RM200,000, being the Sellers' breakeven fee. Thereafter no party shall have any claim against the other, save for any antecedent breach of the SSA.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--

2.1.11 Salient terms of the Shareholders' Agreement

(i) Shareholding structure

Save and except as otherwise agreed between Trakniaga and our Company (collectively referred to as the "Shareholders") in writing or where any change in the shareholding ratio is expressly permitted under the Shareholder's Agreement, the Shareholders' respective shareholdings in Trackwork shall at all times during the effective duration of the Shareholders' Agreement, after Completion, be as follows:-

Shareholder	Trackwork Shares	Shareholding proportion (%)
Trakniaga	2,000,000	40.00
AWC	3,000,000	60.00
Total	5,000,000	100.00

(ii) Constitution of the Board of Directors of Trackwork ("Board of Trackwork")

Each of the parties agrees that the Board of Trackwork shall at all times consist of five (5) Directors (excluding alternate directors). Our Company shall be entitled to appoint three (3) Directors ("AWC Appointed Directors") and the remaining two (2) Directors shall be appointed by Trakniaga. For the avoidance of doubt, Goh Tse Woei and Kong Keat Voon shall be the initial two (2) Directors in the Board of Trackwork for a period of at least five (5) years after the Completion.

(iii) Chairman

The Chairman shall be appointed from one (1) of the AWC Appointed Directors who shall preside over the meetings of the Board of Trackwork and the shareholders of Trackwork. The Chairman so appointed shall not be entitled to a casting vote.

(iv) Determination

- (a) The Managing Director, Chief Financial Officer or the Head of Finance or similar designations with such roles, duties and responsibilities shall be determined and appointed by our Company.
- (b) Our Company agrees that, during the Profit Guarantee period, our Company shall not take or cause Trackwork to take any action (other than actions in the ordinary course of business which is consistent with the past business and accounting practices of Trackwork prior to the Completion of the SSA) which will have the effect of reducing the PAT of Trackwork or preventing Trackwork from achieving the Profit Guarantee. For the avoidance of doubt, accounting practices of Trackwork has to comply with the prevailing laws, regulatory requirements and accounting standards.
- (c) Our Company agrees not to require Trackwork to pay any centralised management fees or charges to our Company or any company within our Group or any third party for any management or other services provided by our Company or other party or arising as a result of Trackwork being a member of our Group during the Profit Guarantee period without the prior written consent of Trakniaga.

(v) **Dividend**

- (a) Trackwork may pay cash dividend or capitalise its retained earnings or its other distributable reserves and distribute them as cash dividend, as recommended by the Board of Trackwork to the shareholders of Trackwork in proportion to their shareholdings. Trackwork shall ensure that the distribution will not result in a breach of any debt covenants, debt equity ratio, debt servicing credit ratio and any other ratio imposed by any security documents of Trackwork.
- (b) In deciding whether in respect of any accounting period Trackwork had profits available for distribution, the parties shall procure Trackwork's auditors to certify whether such profits are available or not and such amount (if any). In giving such certificate, Trackwork's auditors shall act as experts and not arbitrators and their determination shall be binding on the parties. In addition, Trackwork may make distribution out of profits only if Trackwork is solvent. Trackwork will be regarded as solvent if Trackwork is able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made.
- (c) Notwithstanding the provisions above, the parties hereby agree that, the shareholders of Trackwork shall not without prior written consent of all shareholders of Trackwork, declare any dividend for the FYEs 30 September 2018 and 30 September 2019 respectively.

(vi) **Financing**

If and to the extent that Trackwork requires funds to meet its capital requirement within the limits set out in the budget approved by the Board of Trackwork ("**Funding Requirement**") Trackwork shall, subject to mutual agreement by the shareholders of Trackwork, meet the Funding Requirement by any one (1) or more of the following methods (and in the following order of priority):-

- (a) from Trackwork's internally generated funds;
- (b) loans, facilities, borrowings, overdraft or other forms of financing from banks, financial institutions or third parties. To the extent required by such financial institutions, the shareholders of Trackwork shall severally guarantee the credit facility. The proportions in which the shareholders of Trackwork shall each be required to guarantee Trackwork's obligations shall not exceed the proportion in which the shareholders of Trackwork, respectively hold shares at the time the guarantee is given. In the event a joint guarantee is required to be given by the financial institution, each shareholder of Trackwork shall indemnify the other shareholders of Trackwork for any breach of their obligation to make payment to the financial institution for their respective proportion of guarantee;
- (c) shareholders' loans or advances mutually agreed to by the shareholders of Trackwork in writing which shall be provided by the shareholders of Trackwork in accordance to their respective shareholding proportions (unless otherwise agreed by the shareholders of Trackwork); and/or
- (d) increase in the issued shares of Trackwork and each shareholder of Trackwork shall be responsible to subscribe new shares in proportion to their shareholding proportions.

(vii) **Proposed Call/Put Options**

- (a) Trakniaga hereby grants to our Company a Call Option.
- (b) Our Company hereby grants to Trakniaga a Put Option.
- (c) Trakniaga and our Company agree that the Proposed Call/Put Options shall only be exercised in the manner set out below:-
 - (I) Our Company may exercise the Call Option during the period from the expiry of the Cumulative Profit Guarantee period up to the fifth (5th) anniversary of the Completion to require Trakniaga to sell the Option Shares held by Trakniaga at the price determined below by serving a notice in writing to Trakniaga of the exercise of the Call Option.
 - (II) Trakniaga may exercise the Put Option during the period of six (6) months, commencing from the expiry of the Call Option Period ("Put Option Period") to require our Company to purchase the Option Shares held by Trakniaga at the price determined below by serving a notice in writing to our Company of the exercise of the Put Option.

The parties will be required to obtain the approvals of the shareholders of the parties and other relevant authorities for the transfer of the Option Shares or the issue of shares in our Company in full satisfaction for the payment of the Option Shares within 120 days from the date of the exercise of the Call Option or the Put Option (as the case may be) or such other time periods as may be agreed by the parties from time to time.

- (d) The Proposed Call/Put Options shall be exercised in relation to all Trackwork Shares then held by Trakniaga.
- (e) The Shareholders shall calculate the Option Price as follows:-

$$\text{Option Price} = [A \times 7.25] \times B$$

Where:-

A = PAT (excluding any unusual or non-recurring or exceptional items) based on the latest audited financial statements of Trackwork

B = The percentage of the Option Shares in the equity of Trackwork

The Option Price shall be satisfied via cash and/or the issuance and allotment of Option Consideration Shares at an issue price to be determined based on the five (5)-day VWAP of the existing AWC Shares as at the date of the Exercise Notice.

Upon completion of the transfer of the Option Shares to our Company, Trakniaga shall cease to be a party to the Shareholders' Agreement and shall be released from all further obligations under the Shareholders' Agreement, save for any antecedent breaches.

2.1.12 Estimated additional financial commitment

Our Company does not expect to incur additional financial commitments in putting Trackwork on-stream as it is already in operation and is profit generating.

2.2 Proposed Diversification

Presently, our Group is principally involved in the following:-

- (i) provision of group-level corporate services;
- (ii) provision of an integrated range of maintenance services for office, commercial, industrial, residential and administrative buildings;
- (iii) provision of various mechanical and electrical engineering services for the building industry; and
- (iv) provision of environmentally-friendly solutions to waste collection system management.

Pursuant to the Cumulative Profit Guarantee arising from the Proposed Acquisition, our Company expects that the eventual contribution arising from the Proposed Acquisition will be more than 25% of the PAT of our Group and as such will result in a diversification of our Group's existing core business.

In this regard, our Company is proposing to seek the approval of our shareholders for the Proposed Diversification at the forthcoming EGM.

For information purposes, two (2) of Trackwork's existing directors, namely Goh Tse Woei and Kong Keat Voon had, on 28 February 2018 entered into a service agreement with Trackwork ("Service Agreement") which will be effective from the Completion Date and shall remain in the employment of Trackwork for a period of at least five (5) years commencing from the Completion Date.

The brief profiles of Goh Tse Woei and Kong Keat Voon are set out below:-

(i) Goh Tse Woei

Goh Tse Woei, aged 38, graduated from Queensland University of Technology with a Bachelor in Business majoring in Public Relations.

He started his career with Inthemix, Australia in 1999, where he was involved in the marketing and promotion of artists, brands and events. Subsequently, he joined Alpha Platform PR Sdn Bhd in 2004, a Malaysian public relations consultancy firm where he manages key accounts to provide public relations consultancy services including government initiatives, national issues, crises management, advocacy and mergers and acquisitions.

He then joined Trackwork as its Sales and Marketing Manager in 2008 where he is in charge of the development of sales and marketing of Trackwork's products and services in South East Asia, mainly on urban light railway transit operators and metro projects.

(ii) Kong Keat Voon

Kong Keat Voon, aged 47, graduated from the University of Malaya, Malaysia in 1994 with a Bachelor of Engineering (Civil).

He started his career with Jurutera Perunding Tegap Sdn Bhd as a design engineer in 1994 where he was involved in structural and design works. Subsequently, he joined Greenwell Engineering Sdn Bhd, which specialises in oleochemical turnkey project as an Assistant Project Manager in 1995 where he was involved in planning, designing, controlling the cost of the project and project management for the construction of chemical plants.

He then joined Loh & Loh Constructions Sdn Bhd as a Project Engineer in 1997, where he managed heavy engineering constructions projects and was involved in project implementation, tendering for projects and business development. He was then tasked to lead, manage and develop the Railway Division and Turnkey Department in 2002.

Subsequently, he joined Trackwork as its Chief Executive Officer in 2012, where he oversees administrative functions and is responsible for leading the development, planning, implementation and integration of the strategic direction of Trackwork.

Moving forward, our Group may expand our staff force for the rail division and may employ additional personnel with relevant rail related works experience.

Premised on the above, the Proposed Acquisition is expected to provide an additional source of revenue and profits to our Group. Notwithstanding the Proposed Diversification, our Company intends to continue operating our Group's existing businesses and is continuously evaluating ways to improve our Group's performance.

3. RATIONALE OF THE PROPOSALS

3.1 Proposed Acquisition

Our Group is presently involved in, among others, the provision of an integrated range of maintenance services for office, commercial, industrial, residential and administrative buildings, provision of various mechanical and electrical engineering services for the building industry and provision of environmentally-friendly solutions to waste collection system management. It has been our Group's strategy to diversify into other related businesses with growth prospects in order to diversify and sustain our Group's earnings.

In light of the promising prospects of the rail industry set out in Section 4.2 of Part A of this Circular, your Board has identified rail related works as an area of growth and the Proposed Acquisition will give our Group the opportunity to do so through Trackwork. Trackwork has over 18 years of rail experience in the areas of rail related industry services and they have been involved in, rail welding (through the utilisation of flash butt welding), fabrication of points and crossings of railway tracks, rail grinding and monitoring of maintenance effectiveness services.

As Trakniaga still holds 40% equity interest in Trackwork upon completion of the Proposed Acquisition, the Proposed Call/Put Options have been put in place to ensure that Trakniaga does not dispose of their shareholdings in Trackwork to other parties and to minimise unnecessary disputes moving forward. Further, the Proposed Call/Put Options are to safeguard the interests of our Company in Trackwork and accords our Company with the option to obtain full control of Trackwork.

3.2 Proposed Diversification

The Proposed Diversification will allow our Company to diversify into a new viable business which provides it with another stream of income, which may in turn improve our Company's shareholder value.

Your Board believes that the Proposed Diversification will contribute positively to our Group's future earnings. Consequently, the Proposed Diversification may reduce our Group's reliance on its existing core business.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

For the fourth quarter ("4Q") of 2017, the Malaysian economy registered a growth of 5.9% (third quarter ("3Q") 2017: 6.2%) as private sector spending continued to be the primary driver of growth (7.4%; 3Q 2017: 7.3%). The external sector performance improved further (5.4%; 3Q 2017: 1.7%), as real import growth moderated faster than real export growth. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.9% (3Q 2017: 1.8%). For the year as a whole, the economy registered a robust growth of 5.9%.

Domestic demand expanded by 6.2% (3Q 2017: 6.6%) supported by continued strength in private sector expenditure (7.4%; 3Q 2017: 7.3%), amid waning support from public sector spending (3.4%; 3Q 2017: 4.0%). Private consumption expanded by 7.0% (3Q 2017: 7.2%), supported by continued wage and employment growth.

Private investment registered a higher growth of 9.2% (3Q 2017: 7.9%), driven mainly by the services and manufacturing sectors. Capital spending was supported by continued business optimism and favourable demand, which was evident across both export- and domestic-oriented industries.

Public consumption expanded by 6.9% (3Q 2017: 3.9%) mainly driven by higher spending on supplies and services by the Federal Government of Malaysia (“**Government**”). Public investment contracted during the quarter (-1.4%; 3Q 2017: 4.1%), due to lower capital spending by both the General Government and public corporations.

Gross fixed capital formation growth moderated to 4.3% (3Q 2017: 6.7%) mainly due to a contraction in public investment. By type of assets, capital spending on machinery and equipment continued to register a strong growth of 8.3% (3Q 2017: 11.5%). Investment in structures was broadly sustained at 3.3% (3Q 2017: 3.6%) while investment in other types of assets contracted by 6.7% (3Q 2017: 7.2%).

On the supply side, most economic sectors recorded a moderate expansion, except for the agriculture sector, while growth in the mining sector declined.

Growth in the manufacturing sector eased during the quarter, reflecting a broad-based moderation in both export- and domestic-oriented industries. Production in the export-oriented industries including electrical and electronics and petroleum refinery activity continued to expand, albeit at a more moderate pace. Lower growth in the domestic-oriented industries was due mainly to a slower production of transport equipment and food-related products, as well as construction-related materials. Growth in the construction sector was sustained by civil engineering activity for rail, highway, petrochemical and power plant projects.

Headline inflation moderated slightly to 3.5% in 4Q 2017 (3Q 2017: 3.6%) due mainly to lower inflation in the housing, water, electricity, gas and other fuels and transport categories. Inflation for the housing, water, electricity, gas and other fuels category averaged at 2.2% (3Q 2017: 2.3%). Rental inflation declined slightly to 2.8% during the quarter (3Q 2017: 2.9%), due mainly to the smaller increase in rental for terrace and bungalow houses. While inflation in the transport category was slightly lower during the quarter, it remained elevated at 11.4% (3Q 2017: 11.7%) due to high domestic fuel prices. Core inflation also declined during the quarter to 2.3% (3Q 2017: 2.4%). Inflation pervasiveness was lower, as the percentage of items in the CPI basket that registered inflation of more than 2% declined to 32% (3Q 2017: 34%).

Malaysia registered a strong growth of 5.9% in 2017 (2016: 4.2%). For 2018, growth is expected to remain favourable with domestic demand continuing to be the key driver of growth. The positive growth momentum will continue to benefit from spillovers from better global growth on to domestic economic activity. The Department of Statistics Malaysia’s composite leading index has shown a sustained increase in recent periods.

The Malaysian Institute of Economic Research’s Business Conditions Index also points towards sustained expansion of the economy. Overall, the assessment is for growth to remain strong in 2018. On the supply side, the manufacturing and services sectors are expected to benefit from continued growth across both export- and domestic-oriented sub-sectors. In the construction sector, growth will be mainly supported by new and existing civil engineering projects.

(Source: Economic and Financial Developments in the Malaysian Economy in 4Q 2017, Bank Negara Malaysia)

4.2 Overview and outlook of the rail industry

The civil engineering subsector continued to record a double-digit growth of 13.7% (January – June 2016: 17.7%) supported by major infrastructure projects under the Eleventh Malaysia Plan. Among the rail projects were MRT Sungai Buloh – Serdang – Putrajaya (“SSP”) line and Electrified Double Track Gemas – Johor Bahru.

Public transport and connectivity were improved to increase mobility and ease traffic congestion in the country. In this regard, the construction of MRT and the extension of LRT systems within the Greater Klang Valley were implemented. While the MRT line from Sungai Buloh to Kajang was operational on 17 July 2017, the MRT line connecting SSP, and LRT 3 from Bandar Utama to Klang are under construction. Meanwhile, the East Coast Rail Link Project (“ECRL”) involving the construction of an electrified railway from Port Klang to Pengkalan Kubor was launched on 9 August 2017.

The LRT 3 will link Bandar Utama to Klang within 58 minutes. The line has an overall distance of 37 kilometres (“km”) which targets to serve 2 million people. The LRT 3 will have 26 stations and is capable of transporting up to 36,720 passengers per hour. The trains will include six modular cars and can travel at a maximum speed of 80 km per hour. Furthermore, LRT 3 is the first rail project with green technology in Malaysia, where the features include noise reduction system, improved energy management system, natural ventilation and rainwater harvesting technology at its stations. The construction of the LRT 3 began in the 2Q 2017 and is expected to complete by February 2021.

The MRT SPP Line is the second line to be developed under the Klang Valley MRT project. The line will form a critical component of Klang Valley’s public transport system by providing better rail coverage along a corridor stretching from Sungai Buloh to Putrajaya. The proposed alignment of 52.2 km consists of 38.7 km of elevated tracks and 13.5 km of underground tracks with a total travelling time of about one hour and 24 minutes. It will have 35 stations, where 24 are elevated and 11 underground. The SSP Line is expected to have a ridership of 529,000 passengers per day once full service starts in the second quarter of 2022.

The High Speed Rail (“HSR”) will be the fastest mode of public transport between Kuala Lumpur and Singapore, with a distance of 335 km in 90 minutes. The HSR links two (2) major cities to meet growing demand by commuters and businesses, consequently catalysing growth as well as enhancing competitiveness. Furthermore, smaller towns along the line are expected to benefit from the spill over effect of economic activities. The HSR will connect seven cities and towns in Malaysia to Singapore and fully operational by end-2026.

The Government will continue to focus on improving public transport, mainly rail services. The effort is in line with the aim of increasing public transport modal share to 40% by 2030 and to meet the demands of the rakyat for a reliable, environment-friendly and modern mode of public transportation. Moreover, improved rail services will bring about efficient connectivity between the urban and rural areas, therefore spurring economic activities and contributing towards inclusive growth.

(Source: Economic Report 2017/2018, Ministry of Finance Malaysia)

4.3 Prospects of Trackwork

Our Group has recorded growth in revenue for the past five (5) financial years, save for FYE 30 June 2014. Similarly, our Group has also recorded an annual growth in PAT for the same period which saw our PAT grow from RM4.56 million in FYE 30 June 2013 to RM22.02 million for the FYE 30 June 2017. For FYE 30 June 2017, our Group achieved another year of strong financial performance, which surpassed our record breaking results achieved in FYE 30 June 2016. Our facilities division remained the mainstay of our Group and contributed approximately 39.00% of revenue, while the engineering and environment divisions contributed approximately 37.70% and 23.30% respectively. Notwithstanding this, it has been our Group’s strategy to diversify into other related businesses with growth prospects in order to diversify and sustain our Group’s earnings and your Board has identified Trackwork as a platform to venture into rail asset management.

Trackwork has over 18 years of experience in rail related services and its business segments include supplying track materials and rolling stock, maintenance of railway tracks, supplying and commissioning of track tools, equipment and machineries, supplying depot equipment and tools, as well as track diagnostics and monitoring systems. Rail related works, on the other hand, have been a key theme within the domestic construction industry for the past several years and Trackwork is expected to be well positioned for further growth as the Government is looking to further expand Malaysia's railway connectivity.

As at LPD, Trackwork has a secured order book of approximately RM120.00 million for the supply of track materials/machineries/fittings including secured sales commission income of approximately RM6.80 million from contracts secured by their international principals for the next two (2) FYEs 30 September 2018 and 30 September 2019.

Its track record of securing and executing rail related projects on its own as well as its agency role of partnering with local and international principals are positive indicators that Trackwork will be a keen contender in the domestic rail related industry services work segment and augurs well in securing new rail related works in Malaysia.

Based on Trackwork's historical track record and its order book set out in Section 8 of Appendix I of Part A of this Circular, Trackwork's ability to tender for and secure new projects coupled with strong domestic rail-related infrastructure investment plans by the Government enhances Trackwork's prospects in garnering future jobs and replenishing its order book.

In light of the Government's rail-related infrastructure investment plans, Trackwork intends to continue tendering for new railway works such as those relating to the Kuala Lumpur-Singapore HSR, ECRL, MRT 3 and Gemas Johor Bahru double tracking project as well as the Klang Valley Double Track Project (Phase 2). With more than RM150 billion worth of rail projects in the nation's pipeline, our Company believes that Trackwork is well positioned to secure additional projects.

Premised on the above, your Board believes that the prospects of the enlarged AWC Group are expected to be reasonably optimistic moving forward.

(Source: Management of AWC)

5. RISK FACTORS

The potential risk factors which may arise from the Proposed Acquisition includes, but are not limited to the following:-

5.1 Non-completion risk

The completion of the SSA is conditional upon the satisfaction or waiver, as the case may be, of the Conditions. There can be no assurance that the Conditions will be fulfilled or obtained in a timely manner or at all. In the event any of the Conditions cannot be fulfilled or waived on or before the stipulated timeframe and/or in the event of any breach of the terms and conditions set out in the SSA, the SSA shall lapse or become null and void, and hence, the Proposed Acquisition will not be completed.

Nevertheless, the Parties will take all reasonable steps to ensure the satisfaction and/or waiver of the Conditions in order to facilitate the timely completion of the SSA.

5.2 Acquisition and integration risks

The Proposed Acquisition is expected to enhance the earnings of our Group. However, this is dependent on the successful integration of the operations of our Company and Trackwork. Given that Trackwork has its own policies and practices, corporate cultures, management styles as well as accounting, performance management and reward systems, there is no assurance that our Company and Trackwork will be successfully integrated and/or without operational disruptions.

Further, there is no assurance that the anticipated benefits of the Proposed Acquisition will be realised or that our Group will be able to generate sufficient revenue and earnings in our Company to offset the associated acquisition/integration costs incurred. There is also no assurance that our Group, moving forward will be able to secure contracts, maintain or improve the quality of services currently offered or that the financial performance of Trackwork could be maintained.

In mitigating this risk, in addition to the Cumulative Profit Guarantee, our Management, together with the management team of Trackwork will oversee the integration process, daily operations and be involved in the decision making of strategic matters in Trackwork as governed by the Shareholders' Agreement.

5.3 Diversification risk

The Proposed Acquisition is expected to result in a business diversification by our Group to include rail related works and general trading specifically in trading and rail welding works, ranging from the supply of materials to the actual completion of rail related works and provision of rail related industry services which our Group has no prior experience. Our Group will be subjected to new challenges and risks arising from the diversified business which our Group has not been participating in the past.

Our Group seeks to mitigate the diversification risk by, among others, leveraging on the experience and expertise of Goh Tse Woei and Kong Keat Voon. In addition, our Group may also recruit other personnel with relevant expertise and experiences, specifically in the area of rail related works upon completion of the Proposals. Our Group may also seek the services of external professional consultants to advise its senior management and/or its Directors to assist at the operational level. Nonetheless, our Group's ability to succeed and compete in the area of rail related works may be adversely affected by any loss in key personnel in Trackwork.

In addition to the above, our Group may also face risks in relation to the rail related business, including, among others, the following:-

5.3.1 Construction risk

As Trackwork is involved in rail related construction activities, our enlarged Group may face certain risks inherent to the construction industry such as shortages of materials, skilled workers, price increase in raw materials, labour disputes, unavailability and/or inefficiency of equipment, adverse weather conditions, natural disasters, accidents and failure and/or delays in obtaining/renewing of licenses, permits and approvals.

Timely completion and hand-over of any project undertaken by Trackwork is also critical in ensuring costs are contained and our Group's reputation is safeguarded.

Our Group seeks to mitigate these risks through proper project planning, working closely with suppliers and contractors as well as closely monitoring work progress in order to ensure timely completion of projects. Our Group further endeavors to promptly rectify any setback, and liaise with the relevant authorities or parties proactively.

5.3.2 Unexpected termination of contracts or delays in the completion of projects

Trackwork's ability to satisfy the Cumulative Profit Guarantee is dependent on the timely completion of those contracts and projects already awarded to it. In the event any such contracts are terminated and/or completion of one (1) or more projects is delayed due to unforeseen circumstances beyond the control of Trackwork, Trackwork may not be able to satisfy the Cumulative Profit Guarantee and in turn, this may affect the financial performance of our Group.

Our enlarged Group will closely monitor the progress of all contracts awarded and will continue to engage in constant communication with the project owners in order to keep abreast with any potential development affecting our enlarged Group. Further, our enlarged Group will also be able to leverage on the expertise of Goh Tse Woei and Kong Keat Voon in relation to project management of the projects undertaken or to be undertaken by Trackwork.

5.3.3 Competition risk

Moving forward, our enlarged Group's rail related works segment is expected to face competition from existing players and new entrants into the industry. There can be no assurance that we will be able to compete effectively or that the tendering process will not intensify for our enlarged Group in the future. In order to remain competitive, we may also face considerable pressure to adjust our pricing downwards which could affect our profit margins and ultimately our overall financial performance.

Notwithstanding the above, our Group will continue to keep abreast with any development affecting our industry and actively participate in bidding processes and negotiations. Our Group will also continuously review our procurement processes as well as our overall business strategies to remain competitive.

5.4 Dependency on key personnel

In diversifying our Group's business into rail related works, our Group will, to a certain extent be relying on the experience of Goh Tse Woei and Kong Keat Voon as well as the employees of Trackwork. The loss of any key personnel may adversely affect our Group's rail related works business. Our Company recognises the importance of attracting and retaining the key personnel of Trackwork and will continue to review its human resource strategies and key personnel retention policies accordingly. However, there is no assurance that the loss of these key personnel will not have a material adverse effect on our Group's business, financial performance and prospects.

In mitigating this risk, the key personnel, namely Goh Tse Woei and Kong Keat Voon had entered into the Service Agreement with Trackwork which will be effective for a period of five (5) years from the Completion Date.

5.5 Goodwill on acquisition

Pursuant to the requirements of the Malaysian Financial Reporting Standard ("MFRS") 3, the Proposed Acquisition is expected to result in our Group having to recognise a goodwill on acquisition. Goodwill as of the Completion Date shall be measured as the excess of the consideration transferred over the fair values of the identifiable assets and liabilities acquired and other separately identifiable intangible assets. MFRS 136 also requires goodwill to be subjected to annual impairment reviews. In the event the goodwill is impaired, this will have an adverse effect on the financial performance of the enlarged AWC Group.

For the avoidance of doubt, goodwill, if any, will be measured upon the listing of and quotation for the Consideration Shares and hence, there can be no assurance that the annual review of any goodwill arising from the Proposed Acquisition will not result in any adverse financial impact to our Company.

5.6 Non-achievement of the Cumulative Profit Guarantee

While your Board has taken reasonable steps to assess the achievability of the Cumulative Profit Guarantee, there can be no assurance that the Cumulative Profit Guarantee will be met.

In order to mitigate this risk, our Group shall withhold the Retention Sum and in the case where the Cumulative Profit Guarantee is not met, our Company shall deduct any shortfall from the Retention Sum and/or to procure the Sellers to jointly and severally pay the balance of such shortfall in cash, in the manner set out in Sections 2.1.10(iv)(c) and (d) of Part A of this Circular. However, there can be no assurance that our Company will be able to successfully procure the Sellers to pay the balance of such shortfall in cash.

5.7 Exercise of Proposed Call/Put Options

In accordance with the terms of the Shareholders' Agreement, our Company and Trakniaga are entitled to exercise the Proposed Call/Put Options (as the case may be) at any time during the Call Option Period or the Put Option Period. In the event either party exercises the Proposed Call/Put Options, our Company will be required to acquire the Option Shares and assume all obligations of Trackwork. There can be no assurance that our Company will possess or will be able to raise sufficient funding or reallocate resources or obtain the necessary approvals within the notice period to complete the acquisition of the Option Shares and meet any additional obligations arising therefrom. Nevertheless, our Company will continuously monitor its obligations and performance under the Shareholders' Agreement in order to prepare for such events before they arise.

6. EFFECTS OF THE PROPOSALS

The Proposed Diversification will not have any effect on the total issued share capital, substantial shareholders' shareholdings, consolidated NA, gearing, earnings and EPS of our Company.

For illustrative purpose, the pro forma financial effects of the Proposed Acquisition and exercise of the Proposed Call/Put Options (assuming the Option Price is fully satisfied by way of the Option Consideration Shares) have been prepared based on the following scenarios:-

- | | | |
|-------------------------|---|---|
| Minimum Scenario | : | <ul style="list-style-type: none">(i) no further ESOS Options will be granted under the ESOS Scheme; and(ii) none of the 18,301,808 outstanding ESOS Options as at LPD, which have been offered to the eligible employees and directors of our Group pursuant to the ESOS Scheme is exercised. |
| Maximum Scenario | : | <ul style="list-style-type: none">(i) no further ESOS Options will be granted under the ESOS Scheme; and(ii) all of the 18,301,808 outstanding ESOS Options as at LPD are fully exercised before the completion of the Proposed Acquisition. |

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--

6.1 Total issued share capital

The pro forma effects of the Proposed Acquisition and the exercise of the Proposed Call/Put Options on the total issued share capital of our Company are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of AWC Shares	RM	No. of AWC Shares	RM
Total issued share capital (excluding treasury shares) as at LPD	269,212,894 ⁽ⁱ⁾	93,252,580 ⁽ⁱ⁾	269,212,894 ⁽ⁱ⁾	93,252,580 ⁽ⁱ⁾
Upon full exercise of the ESOS Options	-	-	18,301,808	8,678,049 ^(v)
	269,212,894	93,252,580	287,514,702	101,930,629
Tranche 2 Consideration Shares to be issued upon Completion Date	11,500,000 ⁽ⁱⁱ⁾	11,500,000	11,500,000 ⁽ⁱⁱ⁾	11,500,000
	280,712,894	104,752,580	299,014,702	113,430,629
Consideration Shares for the Tranche 3 Retention Sum and Tranche 4 Retention Sum	12,000,000 ⁽ⁱⁱⁱ⁾	12,000,000	12,000,000 ⁽ⁱⁱⁱ⁾	12,000,000
	292,712,894	116,752,580	311,014,702	125,430,629
Option Consideration Shares to be issued upon the exercise of the Proposed Call/Put Options	29,000,000 ^(iv)	29,000,000	29,000,000 ^(iv)	29,000,000
	321,712,894	145,752,580	340,014,702	154,430,629
Enlarged issued share capital				

Notes:-

⁽ⁱ⁾ Includes the issuance of 5,882,272 new AWC Shares pursuant to the exercise of ESOS Options subsequent to 30 June 2017 and up to LPD. For information purposes, 4,944,260 new AWC Shares were issued at RM0.336 and 938,012 new AWC Shares were issued at RM0.423.

⁽ⁱⁱ⁾ Based on the issue price of RM1.00 per Tranche 2 Consideration Share.

⁽ⁱⁱⁱ⁾ Based on the assumption that the issue price for the Tranche 3 Consideration Shares and Tranche 4 Consideration Shares is RM1.00 per Tranche 3 Consideration Share and Tranche 4 Consideration Share (being the Issue Price for the Tranche 2 Consideration Share). However, the issue price set out herein is merely illustrative as at the date of this Circular. The actual number of Tranche 3 Consideration Shares and Tranche 4 Consideration Shares to be issued will depend on the actual issue price for such Consideration Shares, further details of which are set out in Section 2.1 of Part A of this Circular.

^(iv) Based on the assumption that the issue price for the Option Consideration Share is RM1.00 per Option Consideration Share (being the Issue Price for the Tranche 2 Consideration Share). However the issue price set out herein is merely illustrative as at the date of this Circular. The actual number of Option Consideration Shares to be issued will depend on the actual issue price for the Option Consideration Shares, PAT (excluding any unusual or non-recurring or exceptional items) based on the latest audited financial statements of Trackwork prior to the exercise of the Proposed Call/Put Options and the percentage of Option Shares in the equity of Trackwork.

^(v) Based on the various exercise prices of the ESOS Options which range between RM0.336 to RM0.728.

6.2 Substantial shareholders' shareholdings

Based on the register of substantial shareholders of our Company as at LPD, the pro forma effects of the Proposed Acquisition and the exercise of the Proposed Call/Put Options on the shareholdings of the substantial shareholders of our Company are as follows:-

Minimum Scenario

	(I) After the issuance of Tranche 2 Consideration Shares				(II) After (I) and the issuance of Tranche 3 Consideration Shares and Tranche 4 Consideration Shares			
	As at LPD		Direct		Indirect		Direct	
	No. of AWC Shares	% (i)	No. of AWC Shares	% (ii)	No. of AWC Shares	% (iii)	No. of AWC Shares	% (iii)
K-Capital Sdn Bhd ("K-Cap")	82,750,000	30.74	-	-	82,750,000	28.27	-	-
Dato' Ahmad Kaber bin Mohamed Nagoor ("DAKBMN")	10,613,600	3.94	82,750,000	30.74 (v)	82,750,000	29.48 (v)	10,613,600	28.27 (v)
Employees Provident Fund Board ("EPF")	15,442,000	5.74	-	-	15,442,000	5.28	-	-

	(III) After (II) and the exercise of the Proposed Call/Put Options			
	Direct		Indirect	
	No. of AWC Shares	% (iv)	No. of AWC Shares	% (iv)
K-Cap	82,750,000	25.72	-	-
DAKBMN	10,613,600	3.30	82,750,000	25.72 (v)
EPF	15,442,000	4.80	-	-

Maximum Scenario

	As at LPD				(I) After the full exercise of the outstanding ESOS Options				(II) After (I) and the issuance of Tranche 2 Consideration Shares			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of AWC Shares	% (i)	No. of AWC Shares	% (i)	No. of AWC Shares	%	No. of AWC Shares	%	No. of AWC Shares	% (ii)	No. of AWC Shares	% (ii)
K-Cap	82,750,000	30.74	-	-	82,750,000	28.78	-	-	82,750,000	27.67	-	-
DAKBMN	10,613,600	3.94	82,750,000	30.74 ^(v)	11,813,600 ^(vi)	4.11	82,750,000	28.78 ^(v)	11,813,600	3.95	82,750,000	27.67 ^(v)
EPF	15,442,000	5.74	-	-	15,442,000	5.37	-	-	15,442,000	5.16	-	-

	(III) After (II) and the issuance of Tranche 3 Consideration Shares and Tranche 4 Consideration Shares				(IV) After (III) and assuming the exercise of the Proposed Call/Put Options			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of AWC Shares	% (iii)	No. of AWC Shares	% (iii)	No. of AWC Shares	% (iv)	No. of AWC Shares	% (iv)
K-Cap	82,750,000	26.61	-	-	82,750,000	24.34	-	-
DAKBMN	11,813,600	3.80	82,750,000	26.61 ^(v)	11,813,600	3.47	82,750,000	24.34 ^(v)
EPF	15,442,000	4.97	-	-	15,442,000	4.54	-	-

Notes:-

⁽ⁱ⁾ Excluding a total of 3,326,800 AWC Shares bought back and retained as treasury shares.

⁽ⁱⁱ⁾ Based on the issue price of RM1.00 per Tranche 2 Consideration Share to be issued upon completion of the Proposed Acquisition.

⁽ⁱⁱⁱ⁾ Based on the assumption that the issue price for the Tranche 3 Consideration Shares and Tranche 4 Consideration Shares is RM1.00 per Tranche 3 Consideration Share and Tranche 4 Consideration Share (being the Issue Price for the Tranche 2 Consideration Share). However, the issue price set out herein is merely illustrative as at the date of this Circular. The actual number of Tranche 3 Consideration Shares and Tranche 4 Consideration Shares to be issued will depend on the actual issue price for such Consideration Shares, further details of which are set out in Section 2.1 of Part A of this Circular.

^(iv) Based on the assumption that the issue price for the Option Consideration Share is RM1.00 per Option Consideration Share (being the Issue Price for the Tranche 2 Consideration Share). However the issue price set out herein is merely illustrative as at the date of this Circular. The actual number of Option Consideration Shares to be issued will depend on the actual issue price for the Option Consideration Shares, PAT (excluding any unusual or non-recurring or exceptional items) based on the latest audited financial statements of Trackwork prior to the exercise of the Proposed Call/Put Options and the percentage of Option Shares in the equity of Trackwork.

^(v) Deemed interested by virtue of his interest in K-Cap pursuant to Section 8 of the Act.

^(vi) Assuming DAKBMN exercises all his 1,200,000 ESOS Options.

6.3 NA and gearing

The pro forma effects of the Proposed Acquisition and the exercise of the Proposed Call/Put Options on the consolidated NA and gearing of our Group based on the latest audited consolidated statement of financial position of our Company as at the FYE 30 June 2017 and on the assumption that the Proposed Acquisition is effected on that date are as follows:-

Minimum Scenario

	(I) Audited as at 30 June 2017 (RM'000)	(II) After (I) and the payment of Cash Consideration and Tranche 2 Consideration Shares (RM'000)	(III) After (II) and the satisfaction of the Cumulative Profit Guarantee (RM'000)	(IV) After (III) and assuming the exercise of the Proposed Call/Put Options (RM'000)
Share capital	91,115	94,108	117,608 ^(vi)	146,608 ^(vii)
Treasury shares	(855)	(855)	(855)	(855)
Foreign exchange reserve	5,871	5,871	5,871	5,871
Revaluation reserve	2,928	2,928	2,928	2,928
Share option reserve	2,018	815 ⁽ⁱⁱⁱ⁾	815	815
Retained profits	40,169	40,437	39,817	39,817
Shareholders' funds/NA	141,246	143,304	166,184	195,184
Number of AWC Shares ('000) ^(viii)	263,331	269,213	292,713	321,713
NA per AWC Share (RM) ^(ix)	0.54	0.53	0.57	0.61
Total borrowings (RM'000)	4,803	4,803	6,078 ^(v)	6,078
Gearing (times) ^(x)	0.03	0.03	0.04	0.03

Notes:-

⁽ⁱ⁾ After adjusting for the issuance of 5,882,272 new AWC Shares arising from the exercise of ESOS Options at the exercise prices of RM0.336 and RM0.423 per AWC Share subsequent to 30 June 2017 and up to LPD. For information purposes, 4,944,260 new AWC Shares were issued at RM0.336 and 938,012 new AWC Shares were issued at RM0.423.

- (ii) *After taking into consideration the decrease in the share option reserve account of approximately RM1.20 million arising from the exercise of 5,882,272 ESOS Options and the lapse of 3,493,720 ESOS Options.*
- (iii) *Based on the Issue Price of RM1.00 per Consideration Share.*
- (iv) *After taking into consideration estimated expenses in relation to the Proposals amounting to approximately RM0.62 million which includes professional and advisory fees, regulatory fees, cost to convene the EGM as well as printing and postage costs in relation to the Proposals.*
- (v) *Includes Trackwork's total borrowings of approximately RM1.28 million as at the FYE 30 September 2017.*
- (vi) *The issue price will be determined based on the five (5)-day VWAP of AWC Shares after the date of the signed audited financial statements of Trackwork for the respective financial years. For purposes of Part A of this Circular, the Tranche 3 Consideration Shares and Tranche 4 Consideration Shares are assumed to be issued at RM1.00 per Consideration Share, being the Issue Price for the Tranche 2 Consideration Shares.*
- (vii) *The issue price will be determined based on the five (5)-day VWAP of AWC Shares as at the date of the Exercise Notice. For purposes of Part A of this Circular, the Option Consideration Shares are assumed to be issued at RM1.00 per Option Consideration Share, being the Issue Price for the Tranche 2 Consideration Shares.*
- (viii) *Excluding 3,326,800 treasury shares of AWC.*
- (ix) *Calculated based on NA over number of AWC Shares.*
- (x) *Calculated based on total borrowings over NA.*

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Maximum Scenario

		(I)	(II)	(III)	(IV)	(V)
	Audited as at 30 June 2017 (RM'000)	Subsequent event up to LPD ⁽ⁱ⁾ (RM'000)	After (I) and the full exercise of the outstanding ESOS Options (RM'000)	After (II) and the payment of Cash Consideration and Consideration 2 Shares (RM'000)	After (III) and the satisfaction of the Cumulative Profit Guarantee (RM'000)	After (IV) and the exercise of the Proposed Call/ Put Options (RM'000)
Share capital	91,115	94,108	102,786 ⁽ⁱⁱⁱ⁾	114,286 ^(iv)	126,286 ^(vii)	155,286 ^(viii)
Treasury shares	(855)	(855)	(855)	(855)	(855)	(855)
Foreign exchange reserve	5,871	5,871	5,871	5,871	5,871	5,871
Revaluation reserve	2,928	2,928	2,928	2,928	2,928	2,928
Share option reserve	2,018	815 ⁽ⁱⁱ⁾	- ⁽ⁱⁱⁱ⁾	-	-	-
Retained profits	40,169	40,437	40,437	39,817 ^(v)	39,817	39,817
Shareholders' funds/NA	141,246	143,304	151,167	162,047	174,047	203,047
Number of AWC Shares ('000) ^(ix)	263,331	269,213	287,515	299,015	311,015	340,015
NA per AWC Share (RM) ^(x)	0.54	0.53	0.53	0.54	0.56	0.60
Total borrowings (RM'000)	4,803	4,803	4,803	6,078 ^(vi)	6,078	6,078
Gearing (times) ^(xi)	0.03	0.03	0.03	0.04	0.03	0.03

Notes:-

- ⁽ⁱ⁾ After adjusting for the issuance of 5,882,272 new AWC Shares arising from the exercise of ESOS Options at an exercise price ranging between RM0.336 and RM0.423 per AWC Share subsequent to 30 June 2017 and up to LPD. For information purposes, 4,944,260 new AWC Shares were issued at RM0.336 and 938,012 new AWC Shares were issued at RM0.423.
- ⁽ⁱⁱ⁾ After taking into consideration the decrease in the share option reserve account of approximately RM1.20 million arising from the exercise of 5,882,272 ESOS Options and the lapse of 3,493,720 ESOS Options.
- ⁽ⁱⁱⁱ⁾ After full exercise of the outstanding ESOS Options based on the various exercise prices which range between RM0.336 to RM0.728 per AWC Share and after taking into consideration the reversal of share option reserve amounting to approximately RM0.82 million.
- ^(iv) Based on the Issue Price of RM1.00 per Consideration Share.
- ^(v) After taking into consideration estimated expenses in relation to the Proposals amounting to approximately RM0.62 million which includes professional and advisory fees, regulatory fees, cost to convene the EGM as well as printing and postage costs in relation to the Proposals.

- (iv) Includes Trackwork's total borrowings of approximately RM1.28 million as at the FYE 30 September 2017.
- (vii) The issue price will be determined based on the five (5)-day VWAP of AWC Shares after the date of the signed audited financial statements of Trackwork for the respective financial years. For purposes of Part A of this Circular, the Tranche 3 Consideration Shares and Tranche 4 Consideration Shares are assumed to be issued at RM1.00 per Consideration Share, being the Issue Price for the Tranche 2 Consideration Shares.
- (viii) The issue price will be determined based on the five (5)-day VWAP of AWC Shares as at the date of the Exercise Notice. For purposes of Part A of this Circular, the Option Consideration Shares are assumed to be issued at RM1.00 per Option Consideration Share, being the Issue Price for the Tranche 2 Consideration Shares.
- (ix) Excluding 3,326,800 treasury shares of AWC.
- (x) Calculated based on NA over number of AWC Shares.
- (xi) Calculated based on total borrowings over NA.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

6.4 Earnings and EPS

The Proposed Acquisition is not expected to have a material effect on the earnings and EPS of our Group for the FYE 30 June 2018 as the Proposed Acquisition is expected to complete in the second (2nd) quarter of 2018. However, in view of the Cumulative Profit Guarantee of RM20.00 million for the FYEs 30 September 2018 and 30 September 2019 as well as the prospects of Trackwork set out in Section 4.3 of Part A of this Circular, the Proposed Acquisition is expected to contribute positively to the future consolidated earnings of our Company.

The Proposed Call/Put Options can only be exercised after the expiry of the Cumulative Profit Guarantee Period. As the Option Price and the resulting Option Consideration Shares to be issued are determined based on the latest available audited financial statements of Trackwork at the point the Proposed Call/Put Options are exercised, the effects of the Proposed Call/Put Options on the earnings and EPS of our Company cannot be determined at this juncture.

For illustrative purposes, assuming the Proposed Acquisition and the exercise of the Proposed Call/Put Options had been completed on 1 July 2016, the pro forma consolidated earnings and EPS of our Company for the FYE 30 June 2017 would be as follows:-

	Audited as at 30 June 2017 (RM)	After the Proposed Acquisition		After the exercise of the Proposed Call/Put Options	
		Minimum Scenario (RM)	Maximum Scenario (RM)	Minimum Scenario (RM)	Maximum Scenario (RM)
PAT attributable to owners of our Company	22,018,862	22,018,862	22,018,862	22,018,862	22,018,862
Audited PAT for the FYE 30 September 2017 of Trackwork	-	1,748,858 ⁽ⁱ⁾	1,748,858 ⁽ⁱ⁾	2,914,763 ⁽ⁱⁱⁱ⁾	2,914,763 ⁽ⁱⁱⁱ⁾
Pro forma PAT attributable to owners of our Company	22,018,862	23,767,720	23,767,720	24,933,625	24,933,625
Number of AWC Shares ^(v)	263,330,622	280,712,894 ⁽ⁱⁱ⁾	299,014,702 ⁽ⁱⁱ⁾	321,712,894 ^(iv)	340,014,702 ^(iv)
EPS (sen)	8.36	8.47	7.95	7.75	7.33

Notes:-

⁽ⁱ⁾ After taking into consideration 60.00% of Trackwork's PAT attributable to our Company for the FYE 30 September 2017 of approximately RM1.75 million.

⁽ⁱⁱ⁾ After taking into consideration the number of AWC Shares in issue as at LPD and the issuance of 11,500,000 Tranche 2 Consideration Shares.

⁽ⁱⁱⁱ⁾ Based on Trackwork's PAT of approximately RM2.91 million for the FYE 30 September 2017.

^(iv) After taking into consideration the issuance of Tranche 3 Consideration Shares, Tranche 4 Consideration Shares and the Option Consideration Shares.

^(v) Excluding a total of 3,326,800 AWC Shares bought back and retained as treasury shares.

6.5 Convertible securities

Save for the 18,301,808 ESOS Options outstanding which are exercisable into new AWC Shares, our Company does not have any other existing and outstanding convertible securities as at LPD.

The Proposals will not have any effect on the terms and conditions of the outstanding ESOS Options.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the directors, major shareholders and/or persons connected to them has any interest, whether direct or indirect, in the Proposals.

8. APPROVALS REQUIRED

The Proposals are conditional upon the following approvals being obtained:-

- (i) Bursa Securities, for the listing of and quotation for up to 51,500,000 Consideration Shares and up to 96,666,667 Option Consideration Shares on the Main Market of Bursa Securities, which was obtained vide its letter dated 2 May 2018, subject to, among others, the following conditions:-

No.	Condition	Status of compliance
1.	AWC and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;	Noted.
2.	AWC and RHB Investment Bank to inform Bursa Securities upon completion of the Proposals;	To be complied.
3.	AWC to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals is completed; and	To be complied.
4.	AWC to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at extraordinary general meeting for the Proposals.	To be complied.

- (ii) our shareholders for the Proposals, at an EGM to be convened;
- (iii) financiers of Trackwork for the change of the shareholders and Directors of Trackwork and the amendment to the Constitution of Trackwork; and
- (iv) any other relevant authorities, if required.

The Proposed Acquisition and the Proposed Diversification are inter-conditional.

The Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by our Company.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

Your Board, after having considered all aspects including but not limited to the prospects, rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of our Company.

Accordingly, your Board recommends that you vote in favour of the resolutions to be tabled at our forthcoming EGM.

10. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and the proposed grants of options pursuant to our Company's ESOS Scheme to our Independent Non-Executive Directors set out in Part B of this Circular, there is no other corporate exercise which has been announced by our Company but is pending completion.

11. HISTORICAL SHARE PRICES

The monthly high and low transacted market prices of AWC Shares as traded on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:-

	High (RM)	Low (RM)
2017		
May	1.180	0.995
June	1.130	1.020
July	1.170	1.070
August	1.170	1.070
September	1.080	0.980
October	1.050	0.960
November	1.090	0.975
December	1.040	0.880
2018		
January	0.960	0.795
February	0.835	0.715
March	0.875	0.750
April	0.790	0.640
Last transacted market price on 27 February 2018 (being the last full trading day prior to the announcement of the Proposals on 28 February 2018)		0.790
Last transacted market price of AWC Shares as at LPD		0.740

(Source: Bloomberg)

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals being obtained from the relevant authorities, the tentative timeline for the implementation of the Proposals are set out below:-

No.	Key milestones	Tentative timeline
(i)	EGM to approve the Proposals	5 June 2018
(ii)	SSA becomes unconditional	Early June 2018
(iii)	Completion of the Proposals	Mid June 2018

13. EGM

Our EGM, the notice of which is enclosed in this Circular, will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Tuesday, 5 June 2018 at 2.00 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at our EGM, please complete, sign and send the enclosed relevant Proxy Form in accordance with the instructions therein as soon as possible and in any event so as to arrive at our Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding our EGM or any adjourned meeting. The lodging of the Proxy Form will not preclude you from attending and voting in person at our EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully
For and on behalf of the Board
AWC BERHAD

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

INFORMATION ON TRACKWORK

Information relating to Trackwork as set out in Appendix I of Part A of this Circular have been obtained from the Sellers and/or the management of Trackwork (as the case may be).

1. BACKGROUND INFORMATION ON TRACKWORK

(i) Background and business overview

Trackwork was incorporated in Malaysia under the name of NR Agro Tech Sdn Bhd on 2 November 1999 under the CA 1965 as a private limited company and is deemed registered under the Act. On 30 September 2000, Trackwork assumed its present name.

Trackwork's principal activities include supplying of track materials and rolling stock, maintenance of railway tracks, supplying and commissioning of track tools, equipment and machineries, supplying of depot equipment and tools, as well as track diagnostics and monitoring systems in Malaysia.

(ii) Total share capital

As at LPD, the total issued share capital of Trackwork is 5,000,000 Trackwork Shares.

(iii) Directors and substantial shareholders' shareholdings

As at LPD, the directors and substantial shareholders of Trackwork and their shareholdings are as follows:-

Name of Directors and substantial shareholder	Nationality/Place of incorporation	Direct		Indirect	
		Number of Trackwork Shares	%	Number of Trackwork Shares	%
<u>Directors and substantial shareholders</u>					
Goh Poey Hong	Malaysian	545,000	10.90	-	-
Chong Kim Loong	Malaysian	545,000	10.90	-	-
Goh Tse Woei	Malaysian	800,000	16.00	2,000,000 ⁽ⁱ⁾	40.00
Kong Keat Voon	Malaysian	800,000	16.00	2,000,000 ⁽ⁱ⁾	40.00
<u>Substantial shareholder</u>					
Trakniaga	Malaysia	2,000,000	40.00	-	-

Note:-

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

2. SUBSIDIARIES AND/OR ASSOCIATED COMPANIES

As at LPD, Trackwork does not have any subsidiary and/or associated company.

3. MATERIAL LITIGATION

As at LPD, Trackwork is not engaged in any material litigation, either as plaintiff or defendant, claims or arbitration and Trackwork is not aware of any proceeding, pending or threatened involving Trackwork.

INFORMATION ON TRACKWORK (Cont'd)**4. MATERIAL CONTRACTS**

Save for the Shareholders' Agreement, Trackwork has not entered into any material contract (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the LPD.

5. HISTORICAL FINANCIAL INFORMATION

The summary of the financial information of Trackwork as extracted from the audited financial statements of Trackwork for the FYEs 30 September 2015 to 30 September 2017 are as follows:-

	Audited FYE 30 September		
	2015	2016	2017
	(RM)	(RM)	(RM)
Revenue	29,041,110	58,400,828	29,913,277
Gross profit	4,921,251	8,641,362	8,645,070
PBT	1,942,265	4,663,256	5,344,972
PAT	1,413,382	3,564,029	2,914,763
GP margin (%)	16.95	14.80	28.90
PBT margin (%)	6.69	7.98	17.87
PAT margin (%)	4.87	6.10	9.74
Current ratio	1.50	1.89	2.24
Shareholders' funds/NA	6,051,171	9,566,687	10,446,102
Borrowings	11,281,666	3,271,416	1,275,573
Gearing ratio (times)	1.86	0.34	0.12
Number of Trackwork Shares in issue	2,500,000	5,000,000	5,000,000
Gross EPS (sen)	77.69	93.27	106.90
Net EPS (sen)	56.54	71.28	58.30
NA per Trackwork Share	2.42	1.91	2.09

5.1 Commentaries on past performance**(i) FYE 30 September 2015 compared to FYE 30 September 2014**

Revenue increased by approximately RM8.88 million or 44.04% for the FYE 30 September 2015 mainly due to the recognition of a significant portion of revenue from a two (2) year contract which Trackwork secured in 2013 for the supply of track geometry recording vehicles and the supply of monoblock wheels amounting to approximately RM22.00 million and RM16.00 million respectively. The contract was completed in FYE 30 September 2015.

Despite the notable increase in revenue, gross profit only increased by approximately RM1.27 million or 34.72% due to higher cost of materials for the supply of monoblock wheels to Keretapi Tanah Melayu Berhad and cable troughs for Klang Valley MRT Line 1 ("KVMRT Line 1").

PBT increased marginally by approximately RM0.18 million or 10.40% as Trackwork incurred higher losses on foreign exchange and higher administrative costs compared to FYE 30 September 2014.

(ii) FYE 30 September 2016 compared to FYE 30 September 2015

Revenue increased by approximately RM29.36 million or 101.10% for the FYE 30 September 2016 mainly due to revenue of approximately RM29.99 million derived from a contract to install the emergency walkway system for KVMRT Line 1.

INFORMATION ON TRACKWORK (Cont'd)

Despite the significant increase in revenue, gross profit increased by only approximately RM3.72 million or 75.59% for the FYE 30 September 2016 due to higher costs relating to the installation of the emergency walkway system for KVMRT Line 1.

PBT increased by approximately RM2.72 million or 140.10% for the FYE 30 September 2016 as a result of the improvement in gross profit and the marginal increase in operating expenses of RM0.56 million to approximately RM3.50 million.

(iii) FYE 30 September 2017 compared to FYE 30 September 2016

Revenue decreased by approximately RM28.49 million or 48.78% for the FYE 30 September 2017 mainly due to the completion of works for KVMRT Line 1.

Despite the decline in revenue, gross profit increased by approximately RM3,708.00 or 0.04% for the FYE 30 September 2017 mainly due to better margins for the supply contracts to Fajarbaru and Emrail Sdn Bhd.

PBT increased by approximately RM0.68 million or 14.62% to approximately RM5.34 million for the FYE 30 September 2017 due to the successful refund of liquidated and ascertained damages (LAD) that was imposed on the supply of the track geometry recording vehicle to Prasarana Malaysia Berhad ("Prasarana"), amounting to approximately RM0.85 million.

5.2 Changes in accounting policies and estimates

For the past three (3) FYEs 30 September 2015 to 30 September 2017, Trackwork has not adopted any accounting policy which is peculiar to Trackwork due to the nature of its business or the industry in which it is involved in.

5.3 Audit qualification

There were no audit qualifications on the audited financial statements on Trackwork for the FYEs 30 September 2015 to 30 September 2017.

6. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**6.1 Material commitments**

The Board of Trackwork is not aware of any material commitment incurred or known to be incurred by Trackwork which, may have a substantial impact on the financial position of Trackwork.

6.2 Contingent liabilities

Save as disclosed below, the Board of Trackwork is not aware of any contingent liability incurred or known to be incurred by Trackwork which, upon becoming enforceable, may have a material impact on the financial position of Trackwork:-

	(Euro)
Forward contract on foreign currency in Euro	300,000

INFORMATION ON TRACKWORK (Cont'd)

7. HISTORICAL PROJECTS

The historical projects of Trackwork for the past three (3) years up to the LPD include the following:-

Project description (name of project)	Project owner	Date of Award/ Commencement date	Completion	Amount/Contract value (RM)
Design, supply, delivery, testing, commissioning of a Track Geometry Recording Vehicle for Ampang and Kelana Jaya Lines	Prasarana	29 March 2013	8 April 2015	21,470,000.00
Supply of cable trough for KVMRT Line 1	Mitsubishi Heavy Industries ("MHI")	15 April 2014	15 April 2016	7,770,688.72
Supply and delivery of monoblock wheels for Keretapi Tanah Melayu Berhad rolling stock	Government	3 September 2014	2 September 2016	16,000,000.00
Supply of track network maintenance, tools and equipment at Kampung Kuala Sungai Baru Depot	George Kent (M) Berhad	24 November 2015	30 March 2016	1,742,738.00
Installation of Emergency Walkway System for KVMRT Line 1	MHI	1 July 2015	31 July 2017	29,999,000.00
Supply of turnouts for Skypark Terminal Project	Lion Pacific Sdn Bhd	7 May 2015	31 December 2015	2,263,320.00
Supply of welding portions and accessories for Ampang LRT extension	CHEC Construction (M) Sdn Bhd ("CHEC")	18 August 2014	19 January 2017	907,936.00
Design, supply, delivery, testing and commissioning and warranty of track materials for Kelana Jaya Line	Prasarana	2 June 2016	1 August 2017	3,035,085.31
Provision of miscellaneous rail related works	Fajarbaru	18 July 2016	31 May 2017	34,801,066.30
Supply of welding portions and accessories for Ampang LRT extension	CHEC	5 August 2016	December 2016	180,000.00
Supply of inspection platform	Siemens Malaysia Sdn Bhd	9 May 2017	31 May 2017	570,976.00

INFORMATION ON TRACKWORK (Cont'd)**8. ON-GOING AND FUTURE PROJECTS**

As at LPD, Trackwork has a secured order book of approximately RM120.0 million for the supply of track materials/machineries/fitings including a secured sales commission income of approximately RM6.80 million from contracts secured by their international principals for the next two (2) FYEs 30 September 2018 and 30 September 2019.

Trackwork's on-going and future projects as provided by the Sellers (based on contract value), include the following:-

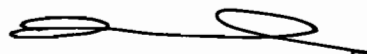
Project description	Project owner	Date of Award/ Commencement date	Expected completion month	Contract value (RM)
Supply of wagons	Government	17 June 2016	July 2018	23,886,984.00
Supply of track materials and pre-assembly works for Klang Valley Double Tracking project	Dhaya Maju Infrastructure Asia Sdn Bhd	15 August 2016	October 2018	12,656,563.27
Supply of track materials	Hikmat Asia Sdn Bhd	16 November 2016	December 2018	12,112,160.00
Supply of track materials	Emrail Sdn Bhd	26 May 2017	December 2018	6,223,400.00
Supply of track materials	Fajarbaru	6 June 2017	August 2018	14,908,871.00
Supply of concrete bearers, commissioning and other rail related works	China Communication Construction Company Limited	20 October 2017	April 2020	6,165,433.35
Supply of track materials	Prasarana	21 February 2018	August 2019	2,515,018.00
Supply of workshop equipment	Hisniaga Jaya Sdn Bhd	2 March 2018	September 2019	12,000,000.00

None of the project owners in respect of current and past projects undertaken/completed by Trackwork as listed in Sections 7 and 8 of Appendix I of Part A of this Circular are directors, substantial shareholders and/or persons connected with Trackwork.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017

Company No. 498057-X

CERTIFIED TRUE COPY



.....
Soh Simone (MIA 12733)
Company Secretary

TRACKWORK & SUPPLIES SDN. BHD.
(Incorporated in Malaysia)

**ANNUAL REPORTS
FOR THE YEAR ENDED**

30TH SEPTEMBER, 2017

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

TRACKWORK & SUPPLIES SDN. BHD.
(Incorporated in Malaysia)

C O R P O R A T E I N F O R M A T I O N

DIRECTORS	:	GOH POEY HONG CHONG KIM LOONG GOH TSE WOEI KONG KEAT VOON
SECRETARY	:	SOH SIMONE (MIA NO. 12733)
REGISTERED OFFICE	:	88-A (SUITE 1), JALAN SS 21/35, DAMANSARA UTAMA, 47400 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA.
INDEPENDENT AUDITORS	:	CHANG CHENG KHOON & CO. CHARTERED ACCOUNTANTS 88-A (SUITE 2), JALAN SS 21/35, DAMANSARA UTAMA, 47400 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA.
BANKERS	:	AMBANK (M) BERHAD MALAYAN BANKING BERHAD

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

TRACKWORK & SUPPLIES SDN. BHD.
(Incorporated in Malaysia)**ANNUAL REPORTS
FOR THE YEAR ENDED
30TH SEPTEMBER, 2017****INDEX**

CONTENTS	PAGE NO.
DIRECTORS' REPORT	1 - 4
STATEMENT BY THE DIRECTORS	5
STATUTORY DECLARATION	5
REPORT OF THE INDEPENDENT AUDITORS	6 - 9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF COMPREHENSIVE INCOME	11
STATEMENT OF CHANGES IN EQUITY	12
STATEMENT OF CASH FLOWS	13
NOTES TO THE FINANCIAL STATEMENTS	14 - 34

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

TRACKWORK & SUPPLIES SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER, 2017

The directors have pleasure in presenting their report and audited financial statements of the Company for the financial year ended 30th September, 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in construction activities, acting as contractors and carrying on the business of general trading. There has been no significant changes in the principal activities during the financial year under review.

FINANCIAL RESULTS

	2017 RM	2016 RM
Profit for the year	<u>2,953,038</u>	<u>3,564,029</u>

DIVIDENDS

On 27th October, 2016, the directors declared a 8% first interim single tier dividend (total dividend of RM400,000) in respect of financial year 2015. The dividend was paid to the shareholders registered on 30th September, 2016. The net dividend per share was 8 sen.

On 16th June 2017, the directors declared a 12% first interim single tier dividend (total dividend of RM600,000) in respect of the financial year 2016. The dividend was paid to the shareholders registered on 31st October, 2017. The net dividend per share was 12 sen.

On 14th August, 2017, the directors declared a 20% second interim single tier dividend (total dividend of RM1,000,000) in respect of the financial year 2016. The dividend was paid to the shareholders registered on 31st July, 2017. The net dividend per share was 20 sen.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review other than those disclosed in the financial statements.

SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year under review.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

SHARE OPTIONS

No option has been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS OF THE COMPANY

The directors of the Company in office at any time during the financial year and since the end of the financial year up to the date of this report are :-

Goh Poey Hong,
Chong Kim Loong,
Goh Tse Woei, and
Kong Keat Voon.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of remunerations received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTEREST

According to the register of directors' shareholdings under Section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations, were as follows :-

	No. of Ordinary Shares of RM1 each		
	Balance At 01/10/2016	Addition	Balance At 30/09/2017
Direct interest :-			
Goh Poey Hong	908,334	-	908,334
Chong Kim Loong	908,334	-	908,334
Goh Tse Woei	1,333,334	-	1,333,334
Kong Keat Voon	1,333,334	-	1,333,334
	<u>4,483,336</u>	<u>-</u>	<u>4,483,336</u>

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

DIRECTORS' REMUNERATIONS

The amounts of remunerations of the directors or past directors of the Company comprising remunerations received and/or receivable from the Company during the year are as follows :-

	2017 RM
Fees	400,000
Remunerations	896,000
Other Remunerations	153,500
Contributions to defined contribution plan	172,320
Other emoluments and benefits	-
	<u>1,621,820</u>

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company during the financial year.

No payment has been paid to or receivable by any third party in respect of the services provided to the Company by the directors or past directors of the Company during the financial year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given to or insurance effected for, during or since the end of the financial year, any person who is or has been the director, officer or auditor of the Company.

OTHER STATUTORY INFORMATION

Before the Statement of Comprehensive Income and the Statement of Financial Position of the Company were made out, the directors took reasonable steps :-

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable value.

At the date of this report, the directors are not aware of any circumstances :

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

As of the date of this report, there does not exist :

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secure the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the directors,

- (a) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.
- (b) No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATIONS


Total amounts paid to or receivable by the auditors as remunerations for their services as auditors of the Company are as follows :-

	2017 RM
Statutory audit	30,000
Other Services	-
	<u>30,000</u>

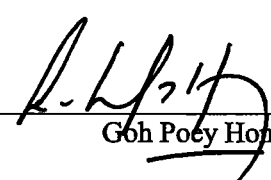
AUDITORS

Messrs. Chang Cheng Khoon & Co., the retiring auditors, have indicated their willingness to be re-appointed.

Approved by the Board and signed on behalf of the directors



 Chong Kim Loong



 Goh Poey Hong

Petaling Jaya
 6th February, 2018

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

TRACKWORK & SUPPLIES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

The directors of Trackwork & Supplies Sdn. Bhd. state that, in the opinion of the directors, the accompanying Statement of Financial Position and the Statement of Comprehensive Income, Cash Flow and Changes in Equity Statements together with the Notes thereon are drawn up in accordance with the Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30th September, 2017 and the financial performance of the Company for the financial year ended 30th September, 2017.

Approved by the Board and signed on behalf of the directors,



Chong Kim Loong



Goh Poey Hong

Petaling Jaya
6th February, 2018

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

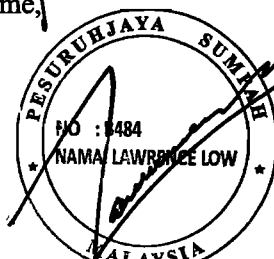
I, Chong Kim Loong, the director primarily responsible for the financial management of Trackwork & Supplies Sdn. Bhd., do solemnly and sincerely declare that the accompanying Statement of Financial Position, Statement of Comprehensive Income, Cash Flow and Changes in Equity Statements together with the Notes thereon are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
Above named Chong Kim Loong at Petaling
Jaya in the state of Selangor Darul Ehsan this

6th February, 2018

Chong Kim Loong

Before me,



71A, ALAN SS 21/1A,
DAMANSARA UTAMA,
47400 PETALING JAYA,
SELANGOR DARUL EHSAN
TEL: 03-77269760

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

CCK **CHANG CHENG KHOON & CO.** (AF 1267)
 Chartered Accountants

88-A (Suite 2), Jalan SS 21/35, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
 Telephone No. : (03) 7722-4060, 7722-4061 Fax No. : (03) 7726-7580 email : ckchang@cck-audit.com

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TRACKWORK & SUPPLIES SDN. BHD. (498057-X)
 (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Trackwork & Supplies Sdn. Bhd. which comprise the statement of financial position as at 30th September, 2017 of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 30th September, 2017 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the Financial Statements and Auditors' Report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

CCK **CHANG CHENG KHOON & CO.** (AF 1267)
Chartered Accountants

88-A (Suite 2), Jalan SS 21/35, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Telephone No. : (03) 7722-4060, 7722-4061 Fax No. : (03) 7726-7580 email : ckchang@cck-audit.com

(continued)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TRACKWORK & SUPPLIES SDN. BHD. (498057-X)
(Incorporated in Malaysia)

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determines is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also :-

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Cck **CHANG CHENG KHOON & CO.** (AF 1267)
Chartered Accountants

88-A (Suite 2), Jalan SS 21/35, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Telephone No. : (03) 7722-4060, 7722-4061 Fax No. : (03) 7726-7580 email : ckchang@cck-audit.com

(continued)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

TRACKWORK & SUPPLIES SDN. BHD. (498057-X)

(Incorporated in Malaysia)

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements of the Company. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion the accounting and other records and the Registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Cck **CHANG CHENG KHOON & CO.** (AF 1267)
Chartered Accountants

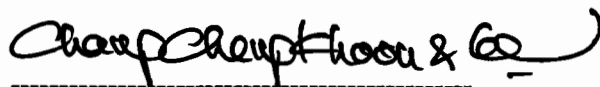
88-A (Suite 2), Jalan SS 21/35, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Telephone No. : (03) 7722-4060, 7722-4061 Fax No. : (03) 7726-7580 email : ckchang@cck-audit.com

(continued)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TRACKWORK & SUPPLIES SDN. BHD. (498057-X)
(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



CHANG CHENG KHOON & CO.
AF 1267
Chartered Accountants, Malaysia

Petaling Jaya
6th February, 2018



CHANG CHENG KHOON
Chartered Accountant
Approval No. 2052/05/18(J)

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

TRACKWORK & SUPPLIES SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER, 2017

ASSETS	NOTE	2017 RM	2016 RM
CURRENT ASSETS			
Property, Plant and Equipment	4	1,403,458	1,338,504
CURRENT ASSETS			
Work in Progress	5	1,590,308	489,993
Trade Receivables	6	7,981,783	17,171,380
Other Receivables, Sundry Deposits and Prepayments	7	726,936	848,547
Fixed Deposits	8	5,377,952	1,184,285
Cash and Bank Balances		2,203,094	605,006
		<u>17,880,073</u>	<u>20,299,211</u>
TOTAL ASSETS		<u>19,283,531</u>	<u>21,637,715</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share Capital	9	5,000,000	5,000,000
Retained Earnings	10	5,446,102	4,566,687
SHAREHOLDERS' EQUITY		<u>10,446,102</u>	<u>9,566,687</u>
NON-CURRENT LIABILITIES			
Hire Purchase Payables	12	122,675	239,335
Bank Borrowings	13	664,342	996,787
Deferred Tax Liabilities	14	67,057	93,179
		<u>854,074</u>	<u>1,329,301</u>
CURRENT LIABILITIES			
Trade Payables	15	3,450,736	970,474
Other Payables and Accruals	16	1,948,955	6,724,957
Amount Due to Directors	17	232,807	645,129
Hire Purchase Payables	12	61,236	87,820
Taxation Payable		1,862,301	365,873
Bank Borrowings	13	427,320	1,947,474
		<u>7,983,355</u>	<u>10,741,727</u>
TOTAL LIABILITIES		<u>8,837,429</u>	<u>12,071,028</u>
TOTAL EQUITY AND LIABILITIES		<u>19,283,531</u>	<u>21,637,715</u>

The annexed notes form an integral part of the financial statements.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

TRACKWORK & SUPPLIES SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER, 2017

	NOTE	2017 RM	2016 RM
REVENUE	18	29,913,277	58,400,828
COST OF SALES		(21,268,207)	(49,759,466)
GROSS PROFIT		<u>8,645,070</u>	<u>8,641,362</u>
OTHER OPERATING INCOME	19	1,803,980	302,922
ADMINISTRATIVE EXPENSES		(4,297,602)	(3,189,232)
OTHER OPERATING EXPENSES		(409,243)	(311,723)
PROFIT FROM OPERATIONS		<u>5,742,205</u>	<u>5,443,329</u>
FINANCE COSTS	20	(397,233)	(780,073)
PROFIT BEFORE TAXATION	21	<u>5,344,972</u>	<u>4,663,256</u>
INCOME TAX EXPENSE	22	(2,430,209)	(1,099,227)
PROFIT FOR THE YEAR		<u>2,914,763</u>	<u>3,564,029</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Items that may be reclassified subsequently to profit or loss :-			
Foreign Currency translations gain		31,523	17,107
Foreign Currency translations loss		(66,871)	(65,620)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>2,879,415</u></u>	<u><u>3,515,516</u></u>

The annexed notes form an integral part of the financial statements.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

TRACKWORK & SUPPLIES SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER, 2017

	Share Capital RM	Accumulated Profit RM	Translation Reserves RM	Total RM
Balance as at 1st October, 2015	2,500,000	3,588,199	(37,028)	6,051,171
Net Profit for the year	-	3,564,029	(48,513)	3,515,516
Bonus Shares Issued	2,500,000	(2,500,000)	-	-
Balance as at 30th September, 2016	<u>5,000,000</u>	<u>4,652,228</u>	<u>(85,541)</u>	<u>9,566,687</u>
Net Profit for the year	-	2,914,763	(35,348)	2,879,415
Dividend Paid	-	(2,000,000)	-	(2,000,000)
Balance as at 30th September, 2017	<u><u>5,000,000</u></u>	<u><u>5,566,991</u></u>	<u><u>(120,889)</u></u>	<u><u>10,446,102</u></u>

The annexed notes form an integral part of the financial statements.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

TRACKWORK & SUPPLIES SDN. BHD.

(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER, 2017

	2017	2016
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Taxation	5,344,972	4,663,256
Adjustment for :		
Depreciation of Property, Plant and Equipment	289,358	243,094
Gain on Disposal of Plant and Equipment	(1,031)	-
Loss on Disposal of Plant and Equipment	1,553	-
Plant and Equipment Written Off	748	4,433
Hire Purchase Interest	11,991	19,731
Term Loan Interest	94,901	121,498
Interest Income	(130,610)	(54,329)
Operating Profit before Working Capital changes	5,611,882	4,997,683
(Increase)/Decrease in Work-in-Progress	(1,100,315)	9,778,677
(Increase)/Decrease in Receivables, Deposits and Prepayments	10,116,715	(7,338,151)
Increase/(Decrease) in Payables and Accruals	(2,295,740)	4,525,608
Decrease in Amount Due To Directors	(412,322)	(768,252)
Decrease in Trust Receipt Payables and Bank Loan	(1,852,599)	(7,813,400)
Net Cash Generated From Operating Activities	10,067,621	3,382,165
Taxation Paid	(1,517,873)	(868,130)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Plant and Equipment	(248,078)	(957,856)
Interest Income	74,621	54,329
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends Paid	(2,000,000)	-
Proceeds from Disposal of Plant and Equipment	9,735	-
Hire Purchase financing obtained during the year	117,236	120,000
Bank Term Loan repayments	(427,045)	(413,413)
Repayment of Hire Purchase Payables/Redemption	(284,462)	(164,666)
Net Increase in Cash and Cash Equivalents	5,791,755	1,152,429
Cash and Cash Equivalents at the Beginning of the Year	1,789,291	636,862
Cash and Cash Equivalents at the End of the Year	7,581,046	1,789,291
Cash and Cash Equivalent Analysis		
Cash and Bank Balances	2,203,094	605,006
Fixed Deposits	5,377,952	1,184,285
	7,581,046	1,789,291

The annexed notes form an integral part of the financial statements.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

TRACKWORK & SUPPLIES SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER, 2017

1. CORPORATE INFORMATION

The Company is a private limited liability company domiciled and incorporated in Malaysia. The registered office of the Company is located at 88-A (Suite 1), Jalan SS 21/35, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is situated at No. 31-5, Level 5, Dataran Prima Block F2, Jalan PJU 1/42A, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

There financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is Ringgit Malaysia as the business transactions are mainly denominated in Ringgit Malaysia and receipts from operations are usually retained in Ringgit Malaysia and funds from financing activities are generated in Ringgit Malaysia.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act, 2016 of Malaysia.

Basis of Preparation

The financial statements have been prepared on the historical cost basis, except as otherwise stated in the financial statements where certain assets and liabilities are revalued.

The principal accounting policies adopted are set out below :-

Property, Plant and Equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. After recognition as an asset, an item of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses, except for freehold land and buildings.

Assets stated at valuation

After recognition as an asset, freehold land and buildings are carried at their revalued amount, being their fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation are made with sufficient regularity to ensure that carrying amounts do not differ materially from that which would be determined using fair value at the end of the reporting period.

A revaluation increase arising from a revaluation is recognised in other comprehensive income and accumulated in equity under the heading of property revaluation surplus, except when the increase is recognised in the profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

A revaluation decrease arising from a revaluation is recognised in profit or loss, except when the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the property revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of property revaluation surplus.

Except for freehold land and properties under construction which are not depreciated, depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows :-

Office Equipment	15%
Tools and Equipment	15%
Plant and Machinery	15%
Motor Vehicles	20%
Air Conditioners	15%
Computer Systems	20%
Furniture and Fittings	10%
Office Renovation	20%
Freehold Building	2%

Depreciation of an asset begins when it is ready for its intended use.

If there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed, and adjusted prospectively.

The carrying amounts of items of property, plant and equipment are derecognized on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognized in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

Impairment of Assets, Other Than Inventories and Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amounts of the asset is estimated.

When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of an individual asset, the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset and a cash-generating unit is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or a cash-generating unit is less than its carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash generating unit is firstly allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then, to the other non-current assets of the unit pro rata on the basis of the carrying amount of each appropriate asset in the cash-generating unit.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

Impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case it is treated as a revaluation decrease.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less to sell, value in use and zero.

An impairment loss recognised in prior financial periods for an asset or the appropriate assets of a cash-generating unit is reversed when there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

Financial Assets

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of three categories : financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

(a) Financial Assets At Fair Value Through Profit or Loss

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measured is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

(b) Financial Assets That Are Debt Instruments Measured At Amortised Cost

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a short period, to the carrying amount of the financial assets.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

(c) Financial Assets That Are Equity Instruments Measured At Cost Less Impairment

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts links to such instrument that, if exercised, will result in delivery of such instruments, are measured at cost less impairment.

(d) Impairment of Financial Assets

At the end of each reporting period, the Company assesses whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

Objective evidence could include :-

- Significant financial difficulty of the issuer; or
- A breach of contract; or
- The lender granting to the borrower a concession that the lender would not otherwise consider; or
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- Observable data indicating that there is measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

(e) Derecognition of Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are settled, or the Company transfers to another party substantially all of the risks and rewards of ownership of the financial assets.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses are recognised in profit or loss in the period of the transfer.

Foreign Currencies – Foreign Currency Transactions

Transactions in foreign currencies are initially recognised in the functional currency by applying to the foreign currency amount the spot exchange rates between the functional currency and the foreign currency at the date of the transactions.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except when a gain or loss on a non-monetary item is recognised in other comprehensive income. If so, any exchange differences relating to that gain or loss is recognised in other comprehensive income.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdraft.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

Liabilities and Equity

(a) Classification of Liabilities and Equity

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement, not merely its legal form, and in accordance with the definitions of a financial liability and an equity instrument.

(b) Equity Instruments

Ordinary shares are classified as equity.

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, other than those issued as part of a business combination or those accounted for in paragraph 22.15A to 22.15B, are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

The Company accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with Section 29 of the MPERS.

Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with Section 29 of the MPERS.

Provisions

A provision is recognised when the Company has an obligation at the reporting date as a result of past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties are taken into account in reaching the best estimate of a provision. When the effect of the time value of money is material, the amount recognised in respect of the provision is the present value of the expenditure expected to be required to settle the obligation.

Leases

(a) Finance Leases

Leases of property, plant and equipment are classified as finance lease where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Company.

The Company initially recognises its rights of use and obligations under finance leases as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, determined at the inception of the leases. Any initial direct costs are added to the amount recognised as an asset.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method. A finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as an expense in the period in which they are incurred.

The depreciation policy for the depreciable leased assets is consistent with that of depreciable assets that are owned. If there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the leased assets are fully depreciated over the shorter of the lease terms and their useful life. At each reporting date, the Company assesses whether the assets leased under the finance lease are impaired.

(b) Operating Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

Financial Liabilities

Financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the Company to the arrangement.

After initial recognition, financial liabilities are classified into one of three categories : financial liabilities measured at fair value through profit or loss, financial liabilities measured at amortised cost, or loan commitments measured at cost less impairment.

(a) Financial Liabilities Measured At Fair Value through Profit or Loss

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities are within the scope of Section 12 of the MPERS or if the financial liabilities are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

(b) Financial Liabilities Measured At Amortised Cost

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

(c) Loan Commitments Measured At Cost Less Impairment

Commitments to receive loan that meet the conditions of Section 11 of the MPERS are measured at cost less impairment.

(d) Derecognition of Financial Liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts, prompt settlement discounts, volume rebates and indirect taxes applicable to the revenue. Revenue is recognised in profit or loss based on the following :-

(a) Sales of Goods

Revenue from sales of goods is recognised when all the following conditions are satisfied :

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Rendering of Services

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period when the outcome of the transaction can be estimated reliably. Stage of completion is determined based on the proportion that costs incurred for services rendered to date bear to the estimated total costs..

(c) Commission Income

Commission income are recognised on an accrual basis in accordance with the substance of the relevant agreement.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

(d) Construction Contracts

When the outcome of a construction contract activity can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. Stage of completion is determined based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of the construction contract cannot be estimated reliably, contract revenue are recognised only to the extent of contract costs incurred that it is probably recoverable and the contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately, with a corresponding provision for an onerous contract.

Employee Benefits

(a) Short Term Employment Benefits

Short-term employment benefits, such as wages, salaries, bonuses and other benefits are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Company.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured at the undiscounted additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost off profit-sharing and bonus payments are recognised when the Company has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Company has no realistic alternative but to make the payments.

(b) Defined Contribution Plan

Contributions payable to the defined contribution plan are recognised as a liability and an expense when the employees have rendered services to the Company.

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

Borrowing Costs

All borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

Income Tax

Tax expense is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised in other comprehensive income.

Tax payable on taxable profit for current and past periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past period exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Current tax liabilities and assets are offset if, and only if the Company has a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the period.

Deferred tax liabilities are recognised for all taxable temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all deductible temporary differences that are expected to reduce taxable profit in the future and the carryforward of unused tax losses and unused tax credits.

Deferred tax liabilities and assets are not recognised in respect of temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affect neither accounting profit nor taxable profit. Deferred tax liabilities are also not recognised for temporary difference associated with the initial recognition of goodwill.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, other than those disclosed in the Notes, are as follows :-

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

Current Tax Liabilities

Inland Revenue Board ('IRB') has disqualified certain direct cost (which the Company has treated as deductible cost of sales), and raised additional income tax assessment on the chargeable income and imposed penalties for inaccurate Returns. The additional tax payable on the chargeable income, including the consequential penalties for the financial years ended 30th September 2012 to 2015 amounts to RM1.8 million. However, the Company has made an appeal to the IRB on this decision but a full provision has been made in the books for the additional tax liabilities.

The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether additional taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Depreciation of plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Company anticipates that the residual values of its equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

4. PROPERTY, PLANT AND EQUIPMENT

	Balance at 01/10/2016	Addition	Write Off/ Disposal	Balance at 30/09/2017
AT COST	RM	RM	RM	RM
Office Equipment	21,558	31,194	(18,966)	33,786
Tools and Equipment	74,243	299	-	74,542
Plant and Machinery	239,568	208,600	-	448,168
Motor Vehicles	1,102,112	-	-	1,102,112
Air Conditioners	17,000	6,132	-	23,132
Computer Systems	82,264	19,042	(52,761)	48,545
Furniture and Fittings	2,655	86,955	(967)	88,643
Office Renovations	61,335	13,092	(6,000)	68,427
Freehold Building	598,362	-	-	598,362
	<u>2,199,097</u>	<u>365,314</u>	<u>(78,694)</u>	<u>2,485,717</u>
ACCUMULATED DEPRECIATION		Charge for the year		
Office Equipment	(16,276)	(5,446)	14,051	(7,671)
Tools and Equipment	(73,984)	(90)	-	(74,074)
Plant and Machinery	(35,935)	(67,225)	-	(103,160)
Motor Vehicles	(636,230)	(170,286)	-	(806,516)
Air Conditioners	(2,550)	(3,470)	-	(6,020)
Computer Systems	(65,882)	(8,294)	47,247	(26,929)
Furniture and Fittings	(702)	(8,893)	392	(9,203)
Office Renovations	(17,067)	(13,685)	6,000	(24,752)
Freehold Building	(11,967)	(11,967)	-	(23,934)
	<u>(860,593)</u>	<u>(289,356)</u>	<u>67,690</u>	<u>(1,082,259)</u>
	<---- Depreciation Expense ----><----- Carrying Value ---->			
CARRYING VALUE	2016 RM	2017 RM	2016 RM	2017 RM
Office Equipment	(2,764)	(5,446)	5,282	26,115
Tools and Equipment	(45)	(90)	259	468
Plant and Machinery	(35,935)	(67,225)	203,633	345,008
Motor Vehicles	(170,286)	(170,286)	465,882	295,596
Air Conditioners	(2,550)	(3,470)	14,450	17,112
Computer Systems	(8,186)	(8,294)	16,382	21,616
Furniture and Fittings	(294)	(8,893)	1,953	79,440
Office Renovations	(11,067)	(13,685)	44,268	43,675
Freehold Building	(11,967)	(11,967)	586,395	574,428
	<u>(243,094)</u>	<u>(289,356)</u>	<u>1,338,504</u>	<u>1,403,458</u>

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

4. PROPERTY, PLANT AND EQUIPMENT (continued)

As at the end of the current financial year, the carrying amounts of the property, plant and equipment under finance lease are as follows :-

	2017 RM	2016 RM
Plant and Machinery	134,725	-
Motor Vehicles	62,414	92,621
	<u>197,139</u>	<u>92,621</u>

As at the end of the current financial year, the cost of fully depreciated property plant and equipment of the Company which are still in use are :-

	2017 RM	2016 RM
Office Equipment	1,492	3,131
Tools and Equipment	73,939	56,440
Motor Vehicles	250,679	250,679
Computer Systems	16,587	40,263
Renovation	-	6,000
	<u>342,697</u>	<u>356,513</u>

5. WORK-IN-PROGRESS

Work-in-progress comprises of partial direct payments to suppliers for goods and services which have not been ready for billing to customers.

6. TRADE RECEIVABLES

	2017 RM	2016 RM
Due from customers	7,980,239	17,166,790
Less : Allowance For Doubtful Debts	-	-
Add : Foreign Exchange Fluctuation Reserve	1,544	4,590
	<u>7,981,783</u>	<u>17,171,380</u>

Based on the Company's historical collection experience, the amount of trade receivables presented as at year end represents the amount exposed to credit risk. The management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the net trade receivables.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

6. TRADE RECEIVABLES (continued)

The normal trade credit terms granted to the customers ranges from 30 days to 180 days. Retention sum held by debtors ranges from 12 months to 36 months in accordance to the terms and conditions of the respective contracts.

The trade receivables are denominated in the following currencies :-

	2017 RM	2016 RM
Ringgit Malaysia	7,912,765	17,132,411
Euro Dollars	15,267	34,379
Australian Dollars	52,207	-
	<u>7,980,239</u>	<u>17,166,790</u>

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 RM	2016 RM
Other Receivables	142,823	5,000
GST Input Tax Accounts	325,713	351,847
Sundry Deposits	179,460	430,325
Trade Deposits	-	41,000
Accrued Interest Income	55,989	2,913
Prepayments	22,951	17,462
	<u>726,936</u>	<u>848,547</u>

8. FIXED DEPOSITS

Fixed deposits are placed at a licenced financial institution situated in Malaysia and they are pledged to banks for credit facilities granted to the Company.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

9. SHARE CAPITAL

	2017 RM	2016 RM
Ordinary shares of RM1 each		
<u>Issued and fully paid :</u>		
Balance as at 1st of October	5,000,000	2,500,000
Issued and fully paid during the year	-	2,500,000
Balance as at 30th September	<u>5,000,000</u>	<u>5,000,000</u>

Pursuant to the Companies Act 2016, effective from 31st January, 2017 the concept of authorised share capital and par value has been abolished.

10. RETAINED EARNINGS

Retained earnings are distributable as dividends to the shareholders of the Company.

During the year, the Company is under the single-tier tax system, tax on the Company's chargeable income is a final tax and any dividend distributed to shareholders will be exempted from tax in the hand of the shareholders.

11. TRANSLATION RESERVES

Translation reserves arose from the exchange differences on the translation of foreign currency receivables and payables.

12. HIRE PURCHASE PAYABLES

	2017 RM	2016 RM
Minimum installment payments :-		
Not later than 1 year	69,948	101,593
Later than 1 year and not later than 2 years	96,996	99,228
Later than 2 years and not later than 5 years	32,142	155,981
Later than 5 years	-	-
	<u>199,086</u>	<u>356,802</u>
Less : Unexpired Term Charges	(15,175)	(29,647)
	<u>183,911</u>	<u>327,155</u>
Present value of hire purchase payables :-		
Not later than 1 year	61,236	87,820
Later than 1 year and not later than 2 years	91,306	89,877
Later than 2 years and not later than 5 years	31,369	149,458
Later than 5 years	-	-
	<u>183,911</u>	<u>327,155</u>

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

12. HIRE PURCHASE PAYABLES (continued)

	2017 RM	2016 RM
Analysed as :-		
Amount falling due within the next 12 months	61,236	87,820
Amount falling due after the next 12 months	122,675	239,335
	<u>183,911</u>	<u>327,155</u>

The Company obtains the hire purchase facility to finance the purchase of 2 units of motor vehicles (2016 : 5 units). The remaining lease term is 3 years and 2 months as at 30th September, 2017. (2016 : 4 years and 9 months) Implicit interest rate of the hire purchase are fixed at the date of the agreement and the repayments are fixed throughout the lease period. There is no significant restriction clauses imposed on the hire purchase arrangements.

The hire purchase plan bears an interest rate of between 2.45% and 2.60% (2016 : 2.45% and 2.60%) per annum.

13. BANK BORROWINGS

	2017 RM	2016 RM
Trust Receipts Payable	-	1,520,454
Flexi Loan Payable (matures in February 2016)	-	-
	<u>-</u>	<u>1,520,454</u>
Term Loan repayable within the next 12 months	1,091,662	427,020
	<u>1,091,662</u>	<u>1,947,474</u>
<u>TERM LOAN</u>	2017 RM	2016 RM
Balance as at 1st of October	1,423,807	1,715,722
Term loan interest charged	94,901	121,498
Repayment during the year	(427,046)	(413,413)
Balance as at 30th of September	<u>1,091,662</u>	<u>1,423,807</u>
Minimum repayments :-		
Within the next 12 months	427,320	427,020
Due later than 1 year and not later than five years	664,342	996,787
Due later than five years	-	-
Balance as at 30th of September	<u>1,091,662</u>	<u>1,423,807</u>

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

13. BANK BORROWINGS (continued)

	2017 RM	2016 RM
Analysed as :-		
Amount falling due within the next 12 months	427,320	427,020
Amount falling due after the next 12 months	664,342	996,787
	<u>1,091,662</u>	<u>1,423,807</u>

The 5 years fixed loan bears an annual interest rate of 1% per annum above the bank's base lending rate and it is secured by a joint and several guarantee of all the directors of the Company and 70% secured by the "Portfolio Guarantee Scheme" of Credit Guarantee Corporation (M) Berhad.

The term loan matures in July 2020 and secured against fixed deposits, cash margin held and assignment of contract proceeds of the Company.

14. DEFERRED TAXATION

The amounts of deferred tax assets and liabilities, after appropriate offsetting, are included in the statement of financial position as follows :-

	2017 RM	2016 RM
Deferred tax assets	-	-
Deferred tax liabilities	(67,057)	(93,179)
	<u>(67,057)</u>	<u>(93,179)</u>

All the temporary differences, unused tax losses and unused tax credits do not have expiry date, unless otherwise enacted in the future.

The following are the movements of deferred tax assets and liabilities (before offsetting) :-

	2017 RM	2016 RM
Deferred Tax Liabilities		
As at 1st of October,	(93,179)	(81,869)
Charged to Income Statement	26,122	(11,310)
As at 30th of September	<u>(67,057)</u>	<u>(93,179)</u>

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

15. TRADE PAYABLES

The trade payables are denominated in the following currencies :-

	2017 RM	2016 RM
Ringgit Malaysia	3,104,657	686,580
United States Dollars	1,407	-
Australian Dollars	360,638	254,498
Euro Dollar	-	14,028
	<u>3,466,702</u>	<u>955,106</u>
Add : Foreign Exchange Fluctuation Reserve	(15,966)	15,368
	<u><u>3,450,736</u></u>	<u><u>970,474</u></u>

The normal trade credit terms received from suppliers and sub-contractors ranges from 30 days to 90 days. Retention sum held on sub-contractors ranges from 12 months to 24 months in accordance to the terms and conditions of the respective contracts.

16. OTHER PAYABLES AND ACCRUALS

	2017 RM	2016 RM
Other Payables	441,283	285,798
Project Advances Received	-	6,377,692
GST Output Tax	197,746	34,067
Accruals	1,309,925	27,400
	<u><u>1,948,954</u></u>	<u><u>6,724,957</u></u>

17. AMOUNT DUE TO DIRECTORS

The amount due to directors comprises of cash advances to the Company and unpaid remunerations and the outstanding amount is unsecured, interest free and has no fixed terms of repayment.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

18. REVENUE

	2017 RM	2016 RM
Trading Revenue	21,594,201	57,424,308
Construction Revenue	7,455,071	
Commission Income	707,046	962,780
Service Revenue and Disbursement Income	156,959	13,740
	<u>29,913,277</u>	<u>58,400,828</u>

Revenue of the Company comprises invoiced value of goods and services sold, construction revenues and commission income earned net of trade discounts and returns.

Revenue included clients disbursements incurred on clients' behalf and billed.

19. OTHER OPERATING INCOME

	2017 RM	2016 RM
Interest Income	130,610	54,329
Realised Foreign Currency Exchange Gain	815,665	247,714
Liquidated and Ascertained Damages Received	850,074	-
Gain on Disposal of Plant and Equipment	1,031	-
Rental Income from Machinery	6,600	-
Other Income	-	879
	<u>1,803,980</u>	<u>302,922</u>

20. FINANCE COSTS

	2017 RM	2016 RM
Interest and financing cost includes :-		
Bank Charges	8,067	5,437
Bank Guarantee Charges	207,446	58,093
Factoring Charges	45,190	54,269
GST Expenses	9,487	5,368
Hire Purchase Interest	11,991	19,731
Term Loan Interest	94,901	121,498
Trust Receipt and Letter of Credit Charges/Interest	20,151	515,677
	<u>397,233</u>	<u>780,073</u>

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No. 498057-X

21. PROFIT BEFORE TAXATION

The operating profit before taxation is arrived at after charging/(crediting) :-

	2017 RM	2016 RM
Disclosure Items :-		
Auditors' Remuneration	30,000	25,000
Bad Debts Written Off	-	18,908
Bank Guarantee Charges	207,446	58,093
Depreciation of Property, Plant and Equipment	289,358	243,094
Director's Remuneration	1,621,820	1,773,746
Factoring Charges	45,190	54,269
Hire of Plant and Machinery	19,580	94,381
Hire Purchase Interest	11,991	19,731
Interest Income	(130,610)	(54,329)
Gain on Disposal of Plant and Equipment	(1,031)	-
Plant and Equipment Written Off	748	4,433
Quit Rent and Assessment	3,766	1,643
Rental of Premises	36,000	42,000
Realised Loss on Foreign Currency Exchange	117,584	45,288
Unrealised Loss on Foreign Currency Exchange	66,871	65,620
Unrealised Gain on Foreign Currency Exchange	(31,523)	(17,107)
Realised Gain on Foreign Currency Exchange	(815,665)	(247,714)
Term Loan Interest	94,901	121,498
Trust Receipts and Letter of Credit Charges and Interest	20,151	515,678
Staff Cost	1,131,645	880,408
Key Management Personnel Compensation :-		
	2017 RM	2016 RM
Total key management personnel compensation	<u>356,220</u>	<u>291,172</u>
Staff cost represents :		
	2017 RM	2016 RM
Employee Provident Fund contributions	106,111	77,658
Social Security contributions	10,772	4,617
Medical Expenses	3,349	7,010
Salaries, Bonus and Allowances	952,016	732,714
Staff Amenities and Welfares	2,105	3,256
Staff Meals and Refreshment	21,327	51,988
Staff Procurement Expenses	25,610	766
Staff Training and Education	10,355	2,399
	<u>1,131,645</u>	<u>880,408</u>

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No . 498057-X

22. INCOME TAX EXPENSE

	2017 RM	2016 RM
Current year's tax liability	1,216,398	1,085,872
Deferred taxation	(26,122)	11,310
Under/(Over) provision in prior years	1,239,933	2,045
	<u>2,430,209</u>	<u>1,099,227</u>

The applicable tax rate has been reduced from 25% in prior year to 24% for the current year as enacted by the government.

In accordance with Finance Act 2007, the Company is under the single tier income tax system and the Company's tax is a final tax and payments of dividends to shareholders are exempted from tax.

23. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	2017 RM	2016 RM
Purchases of property, plant and equipment	365,314	1,077,856
Less : Purchases made directly by finance lease	(117,236)	(120,000)
Purchases of property, plant and equipment by cash	<u>248,078</u>	<u>957,856</u>

24. CONTINGENT LIABILITIES

	2017 RM	2016 RM
Bank Guarantee letters issued to third party	-	2,905,186
Forward contract on foreign currency in US dollars	8,319,125	6,936,400
	<u>8,319,125</u>	<u>9,841,586</u>

In the opinion of the directors, no loss is expected to arise from the contingent liabilities.

25. DIVIDENDS

On 27th October, 2016, the directors declared a 8% first interim single tier dividend (total dividend of RM400,000) in respect of financial year 2015. The dividend was paid to the shareholders registered on 30th September, 2016. The net dividend per share was 8 sen.

AUDITED FINANCIAL STATEMENTS OF TRACKWORK FOR THE FYE 30 SEPTEMBER 2017
(Cont'd)

Company No . 498057-X

25. DIVIDENDS (continued)

On 16th June 2017, the directors declared a 12% first interim single tier dividend (total dividend of RM600,000) in respect of the financial year 2016. The dividend was paid to the shareholders registered on 31st October, 2017. The net dividend per share was 12 sen.

On 14th August, 2017, the directors declared a 20% second interim single tier dividend (total dividend of RM1,000,000) in respect of the financial year 2016. The dividend was paid to the shareholders registered on 31st July, 2017. The net dividend per share was 20 sen.

After the financial year end, the directors have declared the following dividends :-

On 26th December, 2017, 10% first interim single tier dividend (total dividend of RM500,000) in respect of the financial year 2017.

On 23rd January, 2018, 20% second interim single tier dividend (total dividend of RM1,000,000) in respect of the financial year 2017.

26. CURRENCY AND ROUNDING OF AMOUNTS

Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest ringgit. The currency used is Ringgit Malaysia (RM).

27. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the Board of Directors on 6th February, 2018

Lodged By : CS-Link Corporate Services Sdn. Bhd. (365121-T)
 88-A (Suite 1), Jalan SS 21/35,
 Damansara Utama, 47400 Petaling Jaya,
 Selangor Darul Ehsan, Malaysia.
 Tel : (03) 7722-4585

DIRECTORS' REPORT ON TRACKWORK



18 May 2018

The Board of Directors of
AWC BERHAD
 Third Floor, No. 79 (Room A)
 Jalan SS21/60
 Damansara Utama
 47400 Petaling Jaya
 Selangor Darul Ehsan


Dear Sir/Madam,

PROPOSED ACQUISITION BY AWC BERHAD OF 60% EQUITY INTEREST IN TRACKWORK & SUPPLIES SDN BHD ("TRACKWORK")

On behalf of the Board of Directors of Trackwork ("Board of Trackwork"), I wish to report that, after due enquiry during the period from 30 September 2017, being the date which the last audited financial statements of Trackwork have been made up, to the date herein, being a date not earlier than 14 days before the issuance of this Circular, that:-

- (i) the business of Trackwork has, in our opinion, been satisfactorily maintained;
- (ii) in the opinion of the Board of Trackwork, there has not been, since the last audited financial statements of Trackwork, arisen any circumstance which has adversely affected the trading or the value of the assets of Trackwork;
- (iii) the current assets of Trackwork appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities by reason of guarantee or indemnity given by Trackwork;
- (v) there have been, since the last audited financial statements of Trackwork, no defaults or known events that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings of which the Board of Trackwork is aware; and
- (vi) there have been, since the last audited financial statements of Trackwork, no material changes in the published reserves or any unusual factor affecting the profits of Trackwork.

Yours faithfully,
 For and on behalf of the Board of Directors of
TRACKWORK & SUPPLIES SDN BHD


 Eddy Chong Kim Loong
 Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Part A of this Circular has been seen and approved by your Board and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirms 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 false or misleading.

All information relating to Trackwork as set out in Part A of this Circular have been obtained from the Sellers and/or the management of Trackwork (as the case may be). The sole responsibility of your Board has been to ensure that the said information have been reproduced accurately.

2. CONSENTS

RHB Investment Bank, being the Principal Adviser for the Proposals has given and has not subsequently withdrawn their written consent to the inclusion in this Circular of their names and all references thereto in the form, manner and context in which they appear in this Circular.

3. CONFLICT OF INTEREST

EPF is a common substantial shareholder of AWC and RHB Bank Berhad (being the holding company of RHB Investment Bank) ("**RHB Bank**"). Nevertheless, EPF is not involved in the day-to-day operations of RHB Bank and its subsidiaries.

Save as disclosed above, RHB Investment Bank confirms that it is not aware of any other circumstance which would or is likely to give rise to a possible conflict of interest situation in RHB Investment Bank's capacity as the Principal Adviser in relation to the Proposals.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

4.1 Material commitments

Save as disclosed below, your Board is not aware of any material commitment incurred or known to be incurred by our Group which may have a substantial impact on the financial position of our Group as at 31 March 2018:-

		(RM'000)
(i)	<u>Non-cancellable operating lease commitments</u>	
	– Future minimum rentals payable:-	
	- Not later than one (1) year	1,796
	- Later than one (1) year and not later than two (2) years	1,088
	- Later than two (2) years and not later than five (5) years	2,325
	- Later than five (5) years	2,394
		7,603

4.2 Contingent liabilities

Your Board is not aware of any contingent liability incurred or known to be incurred by our Group as at LPD which, upon becoming enforceable, may have a material impact on the financial position of our Group.

FURTHER INFORMATION (Cont'd)**5. MATERIAL LITIGATION**

Your Board has confirmed that our Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant and your Board is not aware and do not have any knowledge of any proceeding pending or threatened against our Group or of any fact likely to give rise to any proceeding which may materially affect the financial position or business of our Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available at the registered office of our Company at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- (i) the SSA and Shareholders' Agreement;
- (ii) the Constitutions of our Company and Trackwork, respectively;
- (iii) audited consolidated financial statements of our Group for the past two (2) FYEs 30 June 2016 to 30 June 2017 and the latest unaudited consolidated financial statements of our Group for the six (6) months financial period ended 31 December 2017;
- (iv) audited financial statements of Trackwork for the past two (2) FYEs 30 September 2016 to 30 September 2017; and
- (v) the letter of consent referred to in Section 2 of Appendix IV of Part A of this Circular.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--

PART B
PROPOSED GRANTS

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout Part B of this Circular:-

AWC or Company	:	AWC Berhad (550098-A)
AWC Group or Group	:	AWC and its subsidiaries, collectively
AWC Share(s) or Share(s)	:	Ordinary share(s) in AWC
Board	:	Board of Directors of AWC
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Bylaws	:	The terms and conditions of the ESOS Scheme, as amended, modified and supplemented from time to time
Circular	:	This circular to shareholders of AWC dated 21 May 2018
EGM	:	Extraordinary general meeting
Eligible Person(s)	:	Employees/officers, executive Directors and non-executive Directors of AWC and its subsidiaries (which are not dormant), who meet the criteria of eligibility in the manner as indicated in the Bylaws for participation in the ESOS Scheme
EPS	:	Earnings per share
ESOS Committee	:	The committee appointed and duly authorised by the Board to administer the ESOS Scheme in the manner as indicated in the Bylaws
ESOS Option(s)	:	Options granted to eligible employees and directors of the AWC Group pursuant to the ESOS Scheme
ESOS Option Price	:	The price at which the Eligible Person who has accepted a written offer made by the ESOS Committee shall be entitled to subscribe for one (1) new AWC Share pursuant to the exercise of an ESOS Option in the manner as indicated in the Bylaws
ESOS Scheme	:	Employees' share option scheme of AWC, which took effect on 9 October 2015 and will expire on 8 October 2020
LPD	:	23 April 2018, being the latest practicable date prior to the date of this Circular
NA	:	Net assets
Proposed Grantee(s)	:	The eligible Independent Non-Executive Director(s) of AWC, whose names are set out in Section 1 of Part B of this Circular
Proposed Grants	:	Proposed grant of an aggregate of 900,000 ESOS Options to the Proposed Grantees under the ESOS Scheme
VWAP	:	Volume weighted average market price

Acts & Guidelines

Act	:	Companies Act, 2016
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities

DEFINITIONS (Cont'd)

Currency

RM and sen : Ringgit Malaysia and sen, the legal tender of Malaysia

Reference to “our Company”, “we”, “us” and “ourselves” in Part B of this Circular are to AWC and where the context otherwise requires, shall include our subsidiary companies. Reference to “our Group” is to our Company and our subsidiary companies. All references to “you” in Part B of this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in Part B of this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits), be constructed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to time of day in Part B of this Circular shall be a reference to Malaysian time, unless otherwise stated.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in our quarterly results or annual reports, is due to rounding.

Certain statements in Part B of this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by your Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in Part B of this Circular should not be regarded as a representation or warranty that our Group’s plans and objectives will be achieved.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--

TABLE OF CONTENTS

	PAGE
LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED GRANTS CONTAINING:-	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED GRANTS	2
3. RATIONALE FOR THE PROPOSED GRANTS	3
4. EFFECTS OF THE PROPOSED GRANTS	3
5. HISTORICAL SHARE PRICES	4
6. APPROVALS REQUIRED	4
7. INTER-CONDITIONALITY OF THE PROPOSED GRANTS.....	5
8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION.....	5
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM.....	5
10. DIRECTORS' STATEMENT AND RECOMMENDATION.....	5
11. DIRECTORS' RESPONSIBILITY STATEMENT.....	6
12. DOCUMENTS FOR INSPECTION.....	6
13. EGM.....	6
NOTICE OF EGM	ENCLOSED
PROXY FORM	ENCLOSED



Registered Office
 Third Floor, No. 79 (Room A)
 Jalan SS21/60
 Damansara Utama
 47400 Petaling Jaya
 Selangor Darul Ehsan

21 May 2018

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*)
 Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (*Independent Non-Executive Director*)
 Ahri Bin Hashim (*Independent Non-Executive Director*)
 Sureson A/L Krisnasamy (*Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam,

PROPOSED GRANTS

1. INTRODUCTION

On 1 October 2015, we had obtained the approval of our shareholders to establish the ESOS Scheme for five (5) years.

On 9 April 2018, we announced that our Company proposes to seek the approval of our shareholders for our Board to grant an aggregate of 900,000 ESOS Options to the following eligible Independent Non-Executive Directors of our Company under the ESOS Scheme in the following manner:-

No.	Independent Non-Executive Director	No. of ESOS Options intended to be granted
(i)	Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	300,000
(ii)	Ahri Bin Hashim; and	300,000
(iii)	Sureson A/L Krisnasamy.	300,000
		900,000

Further details of the Proposed Grants are set out in the ensuing section.

THE PURPOSE OF PART B OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT DETAILS OF THE PROPOSED GRANTS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS TO BE TABLED AT OUR FORTHCOMING EGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF PART B OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS BY WAY OF POLL TO GIVE EFFECT TO THE PROPOSED GRANTS TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED GRANTS

Our Company proposes to grant an aggregate of 900,000 ESOS Options under the ESOS Scheme to the Proposed Grantees, who were appointed to our Board after the establishment of the ESOS Scheme on 9 October 2015 provided always that:-

- (i) they must not participate in the deliberation or discussion of their own ESOS Options allocation;
- (ii) not more than 10% of the Shares available under ESOS Scheme shall be allocated to any individual Proposed Grantee, who, either singly or collectively through persons connected with them holds 20% or more of the issued share capital (excluding treasury shares) of our Company; and
- (iii) the allocation is in compliance with any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities.

In accordance with the Bylaws, a Director of our Company shall be eligible to participate in the ESOS Scheme provided that not more than 70% of the Shares available under the ESOS Scheme shall be allocated, in aggregate, to the eligible executive directors, non-executive directors and senior management personnel of our Group. For information purposes, as at LPD, the allocation to the eligible executive directors, non-executive directors and senior management personnel of our Group are as follows:-

	ESOS Options			
	Granted	Exercised	Lapsed	Outstanding as at LPD
Executive Directors	3,000,000	1,800,000	-	1,200,000
Non-Executive Directors	1,700,000	960,000	120,000	620,000
Senior management personnel	4,205,000	1,374,000	700,000	2,131,000
Total	8,905,000	4,134,000	820,000	3,951,000

Further, the ESOS Option Price shall be based on the five (5)-day VWAP of AWC Shares immediately preceding the date on which an offer is made by the ESOS Committee in writing, with a discount of not more than 10% at the ESOS Committee's discretion.

The Proposed Grantees shall not sell, transfer or assign the AWC Shares obtained through the exercise of the ESOS Options offered to him/her within one (1) year from the date of the offer of the ESOS Options.

The Proposed Grantees will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities until and unless the Proposed Grantees exercise their ESOS Options into new AWC Shares.

The new AWC Shares arising from the exercise of the ESOS Options shall, upon issuance and allotment, rank equally in all respects with the then existing issued AWC Shares, except that the new AWC Shares will not be entitled to any dividends, rights, allotments and/or other distributions declared, made or paid to shareholders, for which the entitlement date is prior to the date of issuance and allotment of such new AWC Shares.

3. RATIONALE FOR THE PROPOSED GRANTS

The Proposed Grants are intended to reward and retain the Proposed Grantees whose capabilities and contributions are essential to our Group in light of their oversight responsibilities as non-executive members of our Board which are considered vital to the corporate governance of our Group.

4. EFFECTS OF THE PROPOSED GRANTS

4.1 Share capital

The Proposed Grants are not expected to have any immediate effect on the issued share capital of our Company. The issued share capital of our Company will increase progressively, depending on the number of new Shares to be issued pursuant to the exercise of the ESOS Options.

4.2 NA and gearing

The Proposed Grants will not have an immediate effect on the NA, NA per Share and gearing of our Group until such time when the ESOS Options granted pursuant to the Proposed Grants are exercised.

The effect on our Group's NA would depend on the number of ESOS Options granted and the fair value of the ESOS Options after taking into account, the ESOS Option Price, which will only be determined at the point of the offer. Whilst the granting of the ESOS Options under the Proposed Grants are expected to result in a charge to the income statements of our Group pursuant to the Financial Reporting Standard 2 on Share-Based Payment as issued by the Malaysian Accounting Standard Board ("FRS 2"), the recognition of such FRS 2 charge would not have any material impact on the NA of our Group as the corresponding amount will be classified as an equity reserve which forms part of the shareholders' equity.

In the event that none of the ESOS Options are exercised within the duration of the ESOS Scheme, the amount outstanding in the said equity reserve would be transferred into our Company's retained earnings. On the other hand, if the ESOS Options are exercised, the amount outstanding in the said equity reserve would be transferred into our Company's share capital account.

Further, the NA per Share immediately following the exercise of the ESOS Options will increase if the ESOS Option Price exceeds the NA per Share, at the point of exercise of the ESOS Options and *vice versa*.

4.3 Earnings and EPS

The Proposed Grants are not expected to have any material effect on the consolidated earnings and EPS of our Group for the financial year ending 30 June 2018 save for the possible impact of FRS 2. Any potential effect on the consolidated earnings and EPS of our Group in the future would depend on the number of ESOS Options granted and exercised at the relevant point in time, and the ESOS Option Price payable upon the exercise of the ESOS Options as well as the impact of FRS 2.

Under FRS 2, the cost arising from the issuance of the ESOS Options is measured by the fair value of the ESOS Options, which is expected to vest at each date of offer and is recognised in the income statement over the vesting period of the ESOS Options, thereby reducing the earnings of our Group.

The fair value of the ESOS Options is determined after taking into consideration, amongst others, the historical volatility of AWC Shares, the ESOS Option Price of the ESOS Options and time to maturity of the ESOS Options from the vesting date of the ESOS Options. Hence, the potential effect on the EPS of our Group, as a consequence of the recognition of the said cost, cannot be determined at this juncture.

Nevertheless, our Company has taken note of the potential impact of FRS 2 on our Group's future earnings and shall take into consideration such impact when determining the size of allocation and the vesting period for the ESOS Options to the Proposed Grantees.

4.4 Substantial shareholders' shareholdings

The Proposed Grants will not have any immediate effect on the shareholdings of the substantial shareholders of our Company. Any potential effect on the shareholdings of the substantial shareholders would depend on the number of new AWC Shares to be issued pursuant to the exercise of ESOS Options by the Proposed Grantees at the relevant point in time.

4.5 Convertible securities

Save for the 18,301,808 ESOS Options outstanding which are exercisable into new AWC Shares, the Company does not have any other existing and outstanding convertible securities as at LPD.

5. HISTORICAL SHARE PRICES

The monthly high and low transacted market prices of AWC Shares as traded on Bursa Securities for the past 12 months are as follows:-

	High (RM)	Low (RM)
2017		
May	1.180	0.995
June	1.130	1.020
July	1.170	1.070
August	1.170	1.070
September	1.080	0.980
October	1.050	0.960
November	1.090	0.975
December	1.040	0.880
2018		
January	0.960	0.795
February	0.835	0.715
March	0.875	0.750
April	0.790	0.640
Last transacted market price on 8 April 2018 (being the last full trading day prior to the announcement of the Proposed Grants on 9 April 2018))		0.655
Last transacted market price of AWC Shares as at LPD		0.740

(Source: Bloomberg)

6. APPROVALS REQUIRED

The Proposed Grants are subject to the approval of our shareholders at our forthcoming EGM.

For the avoidance of doubt, approvals have been obtained from the following parties for our Company's ESOS Scheme:-

- (i) Bursa Securities, vide its letter dated 3 September 2015, for the listing of and quotation for the new AWC Shares to be issued pursuant to the exercise of ESOS Options; and
- (ii) our shareholders, at the EGM convened on 1 October 2015.

7. INTER-CONDITIONALITY OF THE PROPOSED GRANTS

The Proposed Grants are not conditional upon any other corporate proposal undertaken or to be undertaken by our Company.

8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the corporate proposals as set out in Part A of this Circular, there is no other corporate exercise which has been announced by our Company but is pending completion.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Directors, major shareholders and/or persons connected with them, as defined in the Listing Requirements, has any interest, direct or indirect, in the Proposed Grants.

The Proposed Grantees, by virtue of their eligibility to participate in the ESOS Scheme and their allocations under the Proposed Grants, are deemed interested in the Proposed Grants. Accordingly the Proposed Grantees have abstained and shall continue to abstain from all Board deliberations and voting on their respective entitlements under the Proposed Grants. The Proposed Grantees shall also abstain from voting in respect of their direct and/or indirect shareholdings in our Company on any resolution pertaining to their respective entitlements under the Proposed Grants, at our forthcoming EGM.

The Proposed Grantees have undertaken to ensure that any person connected with them will abstain from voting (in respect of their direct and/or indirect shareholdings in our Company, if any) on any resolution pertaining to their respective entitlements under the Proposed Grants, at our forthcoming EGM.

As at LPD, the direct and indirect shareholdings of the Proposed Grantees in our Company are as follows:-

Directors	<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	%	No. of Shares	%
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	10,000	*	-	-
Ahri Bin Hashim	-	-	-	-
Sureson A/L Krisnasamy	-	-	-	-

Note:-

* *Negligible.*

10. DIRECTORS' STATEMENT AND RECOMMENDATION

Your Board (save for the Proposed Grantees), after having considered all aspects including but not limited to the rationale and effects of the Proposed Grants, is of the opinion that the Proposed Grants are in the best interest of our Company.

Accordingly, your Board (save for the Proposed Grantees), recommends that you vote in favour of the resolutions to be tabled at our forthcoming EGM.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Part B of this Circular has been seen and approved by your Board and they collectively and individually accept full responsibility for the accuracy of the information contained herein 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 false or misleading.

12. DOCUMENTS FOR INSPECTION

A copy of the Bylaws is available at the registered office of our Company at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM.

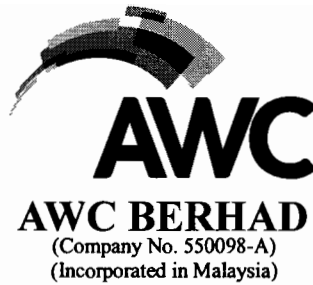
13. EGM

Our EGM, the notice of which is enclosed in this Circular, will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Tuesday, 5 June 2018 at 2.00 p.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing the resolutions to give effect to the Proposed Grants.

If you are unable to attend and vote in person at our EGM, please complete, sign and send the enclosed relevant Proxy Form in accordance with the instructions therein as soon as possible and in any event so as to arrive at our Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding our EGM or any adjourned meeting. The lodging of the Proxy Form will not preclude you from attending and voting in person at our EGM should you subsequently wish to do so.

Yours faithfully
For and on behalf of the Board
AWC BERHAD

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



NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“EGM”) of AWC Berhad (“AWC” or the “Company”) will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Tuesday, 5 June 2018 at 2.00 p.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without any modification the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION BY AWC OF 60% EQUITY INTEREST IN TRACKWORK & SUPPLIES SDN BHD (“TRACKWORK”) FOR AN AGGREGATE PURCHASE CONSIDERATION OF RM43,500,000, WHICH WILL BE SATISFIED THROUGH A COMBINATION OF CASH AMOUNTING TO RM20,000,000 AND THE BALANCE RM23,500,000 THROUGH THE ISSUANCE AND ALLOTMENT OF NEW ORDINARY SHARES IN AWC (“AWC SHARES”) (“CONSIDERATION SHARES”) (“PROPOSED ACQUISITION”)

“THAT subject to the passing of Ordinary Resolution 2 and Ordinary Resolution 3, the relevant conditions as stipulated in the share sale agreement dated 28 February 2018 (“SSA”) between the Company and Goh Poey Hong, Chong Kim Loong, Goh Tse Woei, Kong Keat Voon, Shaun Chan Thiam Eng, Chong Chong Hong and Lim Huey Yih (collectively the “Sellers”) for the Proposed Acquisition being met or waived (as the case may be) and the approvals of all relevant parties and/or authorities being obtained (where required), authority be and is hereby given to the Board of Directors of AWC (“Board”) to acquire from the Sellers, 3,000,000 ordinary shares in Trackwork (“Sale Shares”), representing 60% equity interest in Trackwork for an aggregate purchase consideration of RM43,500,000 which will be satisfied through a combination of cash amounting to RM20,000,000 and the balance of RM23,500,000 through the:-

- (i) issuance and allotment of 11,500,000 new AWC Shares (“Tranche 2 Consideration Shares”) at an issue price of RM1.00 per Tranche 2 Consideration Share; and
- (ii) RM6,000,000 in value of Consideration Shares for each of the financial year(s) ending (“FYE(s)”) 30 September 2018 and 30 September 2019 respectively, to be issued and allotted to the Sellers at an issue price which will be determined based on the five (5)-day volume weighted average market price of AWC Shares after the date of the signed audited financial statements of Trackwork for the respective financial years,

in accordance to the terms and conditions of the SSA including any modifications, variations, amendments and additions thereto from time to time in relation to the Proposed Acquisition;

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

THAT the Board be and is hereby authorised to do or procure all acts, deeds and things as are necessary and to execute, sign and deliver on behalf of AWC, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect and to complete the Proposed Acquisition, with full power to assent to any condition, modification, variation and/or amendment thereto as the Board may deem fit in connection with the Proposed Acquisition;

AND THAT any and all previous actions taken by the Board for the purpose of or in connection with the Proposed Acquisition be and are hereby approved, ratified and confirmed.”

ORDINARY RESOLUTION 2

PROPOSED GRANTING BY TRAKNIAGA SDN BHD (“TRAKNIAGA”), A SHAREHOLDER OF TRACKWORK HOLDING 40% EQUITY INTEREST THEREIN, OF A CALL OPTION FOR AWC TO REQUIRE TRAKNIAGA TO DISPOSE ALL THE REMAINING ORDINARY SHARES IN TRACKWORK HELD BY IT (“OPTION SHARES”) TO AWC (“CALL OPTION”) AND THE GRANTING BY AWC OF A PUT OPTION FOR TRAKNIAGA TO REQUIRE AWC TO ACQUIRE THE OPTION SHARES (“PUT OPTION”) (“PROPOSED CALL/PUT OPTIONS”)

“**THAT** subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 3, and subject to the approvals of all relevant parties and/or authorities being obtained (where required), approval be and is hereby given for the following:-

- (i) granting by AWC of the Put Option to Trakniaga;
- (ii) upon exercise of the Put Option by Trakniaga, for AWC to acquire the Option Shares from Trakniaga; and
- (iii) AWC to exercise the Call Option and acquire the Option Shares from Trakniaga,

for cash and/or issuance and allotment of new AWC Shares (“**Option Consideration Shares**”) pursuant to the terms and conditions of the shareholders’ agreement dated 28 February 2018 between AWC, Trakniaga and Trackwork;

THAT approval be and is hereby given for the issuance and allotment of the Option Consideration Shares to Trakniaga to satisfy the purchase consideration for the acquisition of the Option Shares from Trakniaga either in full or in part, where the Option Consideration Shares are determined to be issued and allotted by AWC;

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

AND THAT the Board be and is hereby authorised to do or procure all acts, deeds and things as are necessary and to execute, sign and deliver on behalf of AWC, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect and to complete the Proposed Call/Put Options and the acquisition of the Option Shares, with full power to assent to any condition, modification, variation and/or amendment thereto as the Board may deem fit in connection with the Proposed Call/Put Options.”

ORDINARY RESOLUTION 3

PROPOSED DIVERSIFICATION OF THE PRINCIPAL ACTIVITIES OF AWC AND ITS SUBSIDIARIES (“AWC GROUP”) TO INCLUDE RAIL RELATED WORKS (“PROPOSED DIVERSIFICATION”)

“**THAT**, subject to the passing of Ordinary Resolution 1 and subject to the approvals of all relevant parties and/or authorities being obtained (where required), authority be and is hereby given to AWC Group to diversify its principal activities to include rail related works;

THAT the Board be and is hereby authorised to do or procure all acts, deeds and things as are necessary and to execute, sign and deliver on behalf of AWC, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect and to complete the Proposed Diversification, with full power to assent to any condition, modification, variation and/or amendment thereto as the Board may deem fit in connection with the Proposed Diversification;

AND THAT any and all previous actions taken by the Board for the purpose of or in connection with the Proposed Diversification be and are hereby approved, ratified and confirmed.”

ORDINARY RESOLUTION 4

PROPOSED GRANT OF OPTIONS PURSUANT TO AWC’S EXISTING EMPLOYEES’ SHARE OPTION SCHEME (“ESOS SCHEME”) (“ESOS OPTIONS”) TO YANG MULIA TUNKU PUAN SRI DATO’ HAJJAH NOOR HAYATI BINTI TUNKU ABDUL RAHMAN PUTRA AL-HAJ

“**THAT** subject to the approvals of all relevant parties and/or authorities being obtained (where required), the Board be and is hereby authorised, at any time and from time to time throughout the existence of the ESOS Scheme, to offer and grant, to Yang Mulia Tunku Puan Sri Dato’ Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj, being the Independent Non-Executive Director of the Company, up to 300,000 ESOS Options to subscribe for such number of AWC Shares to be issued (as adjusted or modified from time to time pursuant to the bylaws) under the ESOS Scheme (“ESOS Shares”) and if such ESOS Options are accepted and exercised, to issue and allot such number of AWC Shares as may be required to be issued to her under the ESOS Scheme in accordance with the provisions of the bylaws, provided always that not more than 10% of ESOS Shares available under the ESOS Scheme (or other such percentage as may be permitted by Bursa Malaysia Securities Berhad (“Bursa Securities”) or any other relevant authorities from time to time) shall be allocated to Yang Mulia Tunku Puan Sri Dato’ Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj, if she, in any point in time, either singly or collectively through persons connected with her holds 20% or more of the issued share capital (excluding treasury shares).

AND THAT approval be and is hereby given to the Board to issue and allot such number of ESOS Shares to be credited as fully issued to Yang Mulia Tunku Puan Sri Dato’ Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj pursuant to the exercise of such options.”

ORDINARY RESOLUTION 5

PROPOSED GRANT OF ESOS OPTIONS TO AHRI BIN HASHIM

“**THAT** subject to the approvals of all relevant parties and/or authorities being obtained (where required), the Board be and is hereby authorised, at any time and from time to time throughout the existence of the ESOS Scheme, to offer and grant, to Ahri Bin Hashim, being the Independent Non-Executive Director of the Company, up to 300,000 ESOS Shares, and if such ESOS Options are accepted and exercised, to issue and allot such number of AWC Shares as may be required to be issued to him under the ESOS Scheme in accordance with the provisions of the bylaws, provided always that not more than 10% of ESOS Shares available under the ESOS Scheme (or other such percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) shall be allocated to Ahri Bin Hashim, if he, in any point in time, either singly or collectively through persons connected with him holds 20% or more of the issued share capital (excluding treasury shares).

AND THAT approval be and is hereby given to the Board to issue and allot such number of ESOS Shares to be credited as fully issued to Ahri Bin Hashim pursuant to the exercise of such options.”

ORDINARY RESOLUTION 6

PROPOSED GRANT OF ESOS OPTIONS TO SURESON A/L KRISNASAMY

“THAT subject to the approvals of all relevant parties and/or authorities being obtained (where required), the Board be and is hereby authorised, at any time and from time to time throughout the existence of the ESOS Scheme, to offer and grant, to Sureson A/L Krisnasamy, being the Independent Non-Executive Director of the Company, up to 300,000 ESOS Shares, and if such ESOS Options are accepted and exercised, to issue and allot such number of AWC Shares as may be required to be issued to him under the ESOS Scheme in accordance with the provisions of the bylaws, provided always that not more than 10% of ESOS Shares available under the ESOS Scheme (or other such percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) shall be allocated to Sureson A/L Krisnasamy, if he, in any point in time, either singly or collectively through persons connected with him holds 20% or more of the issued share capital (excluding treasury shares).

AND THAT approval be and is hereby given to the Board to issue and allot such number of ESOS Shares to be credited as fully issued to Sureson A/L Krisnasamy pursuant to the exercise of such options.”

By Order of the Board
AWC BERHAD

Tea Sor Hua (MACS 01324)
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
21 May 2018

Notes:-

- (i) *A member of the Company who is entitled to attend and vote at the EGM is entitled to appoint up to two (2) proxies to attend and vote at the EGM in his stead. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
- (ii) *A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the EGM shall have the same rights as the members to speak at the EGM.*
- (iii) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.*
- (iv) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with AWC Shares standing to the credit of the said securities account.*
- (v) *Where a member of the Company is an exempt authorised nominee which holds AWC Shares for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- (vi) *To be valid, the instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time for holding the EGM or adjourned meeting.*
- (vii) *For the purpose of determining a member who shall be entitled to attend the EGM, AWC will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 66(c) of AWC's Constitution to issue a General Meeting Record of Depositors as at 28 May 2018. Only members whose name appears in the Record of Depositors as at 28 May 2018 shall be entitled to attend the EGM and to speak and vote thereat.*
- (viii) *All the resolutions set out in this Notice of EGM will be put to vote by poll.*

PROXY FORM

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

I/We _____ NRIC/Company No. _____
(full name in capital letters)

of _____
(full address)

being (a) member(s) of AWC BERHAD hereby appoint _____

_____ NRIC No. _____
(full name in capital letters)

of _____
(full address)

and/or* _____ NRIC No. _____
(full name in capital letters)

of _____
(full address)

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Extraordinary General Meeting of the Company ("EGM") to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Tuesday, 5 June 2018 at 2.00 p.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	FOR	AGAINST
1.	Proposed Acquisition		
2.	Proposed Call/Put Options		
3.	Proposed Diversification		
4.	Proposed Grant of ESOS Options to Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj		
5.	Proposed Grant of ESOS Options to Ahri Bin Hashim		
6.	Proposed Grant of ESOS Options to Sureson A/L Krisnasamy		

* delete whichever not applicable

Dated this _____ day of _____ 2018.

CDS Account No.	
No. of Shares Held	

Percentage of shareholdings to be represented by the proxies:		
	No. of Shares	%
Proxy 1		
Proxy 2		
TOTAL		100

Signature/ Common Seal of Member(s)

Notes:-

- A member of the Company who is entitled to attend and vote at the EGM is entitled to appoint up to two (2) proxies to attend and vote at the EGM in his stead. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the EGM shall have the same rights as the members to speak at the EGM.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of AWC ("AWC Shares") standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds AWC Shares for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- To be valid, the instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time for holding the EGM or adjourned meeting.
- For the purpose of determining a member who shall be entitled to attend the EGM, AWC will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 66(c) of AWC's Constitution to issue a General Meeting Record of Depositors as at 28 May 2018. Only members whose name appears in the Record of Depositors as at 28 May 2018 shall be entitled to attend the EGM and to speak and vote thereat.
- All the resolutions set out in this Notice of EGM will be put to vote by poll.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar of
AWC Berhad (550098-A)
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, No. 8, Jalan Kerinchi,
Bangsar South,
59200 Kuala Lumpur

1st fold here