

**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 professional adviser immediately.**

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**APFT BERHAD**

(Company No.: 886873-T)

(Incorporated in Malaysia under the Companies Act, 2016)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

- (I) PROPOSED SETTLEMENT OF DEBTS OWING TO CERTAIN CREDITORS OF THE SUBSIDIARIES OF APFT BERHAD (“APFT”) VIA THE ISSUANCE OF 226,299,873 NEW ORDINARY SHARES IN APFT (“APFT SHARES”) (“SETTLEMENT SHARES”);**
- (II) PROPOSED SETTLEMENT OF DEBTS OWING TO DIRECTORS OF APFT, NAMELY DATO’ FARUK BIN OTHMAN AND ARIF BIN FARUK VIA THE ISSUANCE OF 257,500,000 SETTLEMENT SHARES; AND**
- (III) PROPOSED PRIVATE PLACEMENT OF UP TO 333,339,700 APFT SHARES, REPRESENTING APPROXIMATELY 30% OF THE ENLARGED NUMBER OF ISSUED SHARES OF APFT (EXCLUDING TREASURY SHARES, IF ANY)**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser and Placement Agent*



**TA SECURITIES HOLDINGS BERHAD (14948-M)**

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting (“EGM”) of APFT has been scheduled to be held at Bilik Kiara, Kelab Golf Perkhidmatan Awam Malaysia, Bukit Kiara off Jalan Damansara, 60000 Kuala Lumpur on Monday, 14 August 2017 at 9.00 a.m. or any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote for and on his behalf. In such event, the completed Form of Proxy should be lodged at the Company’s share registrar’s office at Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, on or before the date and time indicated below. The lodging of the Form of Proxy 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 the Form of Proxy: Saturday, 12 August 2017 at 9.00 a.m.

This Circular is dated 27 July 2017

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**DEFINITIONS (CONT'D)**

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

“5D-VWAP”	: 5-day volume weighted average market price
“Act”	: Companies Act 2016
“AFSB”	: Ardent Focus Sdn Bhd
“Aida”	: Aida Binti Faruk
“Aisyah”	: Aisyah Binti Faruk
“APFT” or “Company”	: APFT Berhad
“APFT Group” or “Group”	: Our Company and our subsidiaries, collectively
“APFTMTSB”	: APFT Maintenance Training Sdn Bhd
“APFTSB”	: Asia Pacific Flight Training Sdn Bhd
“APFT Share” or “Share”	: Ordinary share in our Company
“Arif”	: Arif Bin Faruk
“BLR”	: Base lending rate
“BNM”	: Bank Negara Malaysia
“Board”	: Board of Directors of our Company
“Bomba”	: Jabatan Bomba dan Penyelamat
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Capitalisation 2015”	: Settlement of RM5,000,000 owing to Dato’ Faruk via the issuance of 24,570,024 new APFT Shares at an issue price of RM0.2035 each which was completed on 25 September 2015
“CCM”	: Companies Commission of Malaysia
“CDS”	: Central Depository System
“CIMB”	: CIMB Bank Berhad
“Circular”	: This circular to the shareholders of our Company dated 27 July 2017
“CIS”	: Commonwealth of Independent States
“Creditors”	: Certain creditors of APFTSB and PTTSB who are involved in the Proposed Creditors Capitalisation (as per Section 2.1 of this Circular)
“Dato’ Faruk”	: Dato’ Faruk Bin Othman
“EASA”	: European Aviation Safety Agency
“EFG Bank”	: EFG Bank AG
“EGM”	: Extraordinary general meeting
“EPS”	: Earnings per APFT Share
“EPCC”	: Engineering, procurement, construction and commissioning

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**DEFINITIONS (CONT'D)**

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“ESOS”	: Employees’ share option scheme
“Forad”	: Forad Holdings Sdn Bhd
“FPE”	: Financial period ended
“FYE”	: Financial year ended/ending, as the case may be
“HWH”	: HWH Engineering Enterprise
“Interested Directors”	: Our Directors who are deemed interested in the Proposed Directors Capitalisation, namely Dato’ Faruk and Arif
“Interested Person”	: A director, major shareholder or chief executive of our Company or a holding company of APFT
“Interested Shareholders”	: Our shareholders who are deemed interested in the Proposed Directors Capitalisation, namely Dato’ Faruk, Forad, Arif, Aisyah and Aida
“LAT”	: Losses after taxation
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 3 July 2017, being the latest practicable date prior to the printing of this Circular
“LPS”	: Losses per APFT Share
“LTTGMBH”	: Lufthansa Technical Training GMBH
“Main Market”	: Main Market of Bursa Securities
“Maximum Scenario”	: A scenario assuming after the Proposed Creditors Capitalisation, the Proposed Directors Capitalisation and full exercise of the Warrants 2013/2018 into new APFT Shares prior to the implementation of the Proposed Private Placement
“Minimum Scenario”	: A scenario assuming the Proposed Creditors Capitalisation and Proposed Directors Capitalisation are not implemented and none of the Warrants 2013/2018 is exercised into new APFT Shares prior to the implementation of the Proposed Private Placement
“MNBR”	: MNBR Services Sdn Bhd
“NA”	: Net assets
“NTA”	: Net tangible assets
“N&Y”	: Norendra & Yap
“OPEC”	: Organisation of the Petroleum Exporting Countries
“Outstanding Warrants”	: 78,500,000 outstanding Warrants 2013/2018 that have yet to be exercised as at the LPD
“PAT”	: Profit after taxation
“PETRONAS”	: Petroliam Nasional Berhad

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**DEFINITIONS (CONT'D)**

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“Placement Shares”	: Up to 333,339,700 new APFT Shares to be issued pursuant to the Proposed Private Placement
“PMSB”	: Petrogaya Machinery Sdn Bhd
“Price Fixing Dates”	: The dates to be determined later by our Board, on which the relevant issue price for each tranche of the Placement Shares shall be determined and announced
“Private Placement 2016”	: Private placement of 43,000,000 new APFT Shares at an issue price of RM0.05, which was completed on 2 August 2016
“Proposals”	: Collectively, the Proposed Creditors Capitalisation, Proposed Directors Capitalisation and Proposed Private Placement
“Proposed Capitalisation Announcement”	: The announcement in relation to the Proposed Creditors Capitalisation and Proposed Directors Capitalisation dated 14 November 2016
“Proposed Creditors Capitalisation”	: Proposed settlement of debts owing to the Creditors via the issuance of 226,299,873 Settlement Shares
“Proposed Directors Capitalisation”	: Proposed settlement of debts owing to our Directors, namely Dato’ Faruk and Arif, via the issuance of 257,500,000 Settlement Shares
“Proposed Private Placement”	: Proposed private placement of up to 333,339,300 Placement Shares, representing approximately 30% of the enlarged number of issued shares of APFT (excluding treasury shares, if any)
“Proposed Private Placement Announcement”	: The announcement in relation to the Proposed Private Placement dated 10 March 2017
“PTTSB”	: PT Technic (M) Sdn Bhd
“RAPID”	: Refinery and Petrochemical Integrated Development
“Revised Cut-off Date”	: The revised cut-off date for the Proposed Creditors Capitalisation and Proposed Directors Capitalisation from 31 July 2016 to 31 October 2016
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“RMME”	: RM Megamax Enterprise
“SAMUR”	: Sabah Ammonia Urea
“SCSB”	: Saboleh Cemerlang Sdn Bhd
“Settlement Agreements with Creditors”	: Settlement agreements dated 14 November 2016 entered into between the Creditors and APFT Group pursuant to the Proposed Creditors Capitalisation
“Settlement Shares”	: New APFT Shares to be issued pursuant to the Proposed Directors Capitalisation and Proposed Creditors Capitalisation
“Shamira”	: Shamira Sdn Bhd
“SPSB”	: Serving Platter Sdn Bhd
“STJ”	: Syarikat Tiong Joo (Johor) Sdn Bhd

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**DEFINITIONS (CONT'D)**

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“Supplemental Agreements with Creditors”	:	Supplemental agreements dated 10 March 2017 entered into between the Creditors and APFT Group to revised the cut-off date of the Settlement Agreements with Creditors from 31 July 2016 to 31 October 2016
“S&CR”	:	Sin & Chai Renovation & Construction Sdn Bhd
“TASB”	:	Techno Analysis Sdn Bhd
“TA Securities” or “Adviser”	:	TA Securities Holdings Berhad
“THSB”	:	Ten Hock Sdn Bhd
“UEC”	:	UEC Engineering Sdn Bhd
“Warrants 2013/2018”	:	Warrants 2013/2018 in issue in our Company issued pursuant to the deed poll dated 28 June 2013 and expiring on 13 July 2018
“WESB”	:	Weldtrode Engineering Sdn Bhd
“WME”	:	Wan Mohd Effendi Wan Abdull Kadir

All references to “our Company” in this Circular are to APFT, references to “our Group” are to our Company and our subsidiaries. All references to “we”, “us”, “our” and “ourselves” are to our Company, or where the context requires, our Group. All references to “you” in this Circular are references of the shareholder of our Company.

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

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

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**APFT BERHAD**  
(Company No.886873-T)  
(Incorporated in Malaysia)

**Registered Office:**

Suite 10.03, Level 10  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

27 July 2017

**Directors:**

Dato' Faruk Bin Othman (*Executive Chairman*)  
Arif Bin Faruk (*Executive Director*)  
Tan Nyap Keong @ Tony Tan (*Independent Non-Executive Director*)  
Dato' Hew Yuen Ngian (*Independent Non-Executive Director*)  
Dato' Paduka (DR) Hii King Hiong (*Independent Non-Executive Director*)

**To: Our shareholders**

Dear Sir/Madam,

- (I) **PROPOSED CREDITORS CAPITALISATION;**
- (II) **PROPOSED DIRECTORS CAPITALISATION; AND**
- (III) **PROPOSED PRIVATE PLACEMENT**

**(COLLECTIVELY REFERRED TO THE PROPOSALS)**

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**1. INTRODUCTION**

On 14 November 2016, TA Securities announced on behalf of our Board that our Company proposes to undertake the Proposed Creditors Capitalisation and Proposed Directors Capitalisation.

Subsequently, TA Securities announced on behalf of our Board that our Company had on 10 March 2017 entered into 15 Supplemental Agreements with Creditors to revise the cut-off date of the Settlement Agreements with Creditors from 31 July 2016 to 31 October 2016. Our Group also proposes to revise the cut-off date for the Proposed Directors Capitalisation from 31 July 2016 to 31 October 2016.

On 10 March 2017, TA Securities announced on behalf of our Board that our Company proposes to undertake the Proposed Private Placement.

Bursa Securities had vide its letter dated 7 July 2017 approved the following:

- (i) listing of and quotation for 226,299,873 Settlement Shares pursuant to the Proposed Creditors Capitalisation;
- (ii) listing of and quotation for 257,500,000 Settlement Shares pursuant to the Proposed Directors Capitalisation; and
- (iii) listing of and quotation for up to 333,339,700 Placement Shares pursuant to the Proposed Private Placement,

on the Main Market of Bursa Securities.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS ON THE PROPOSALS, TO SET OUT OUR BOARD'S RECOMMENDATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.**

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## 2. DETAILS OF THE PROPOSED CREDITORS CAPITALISATION AND PROPOSED DIRECTORS CAPITALISATION

### 2.1 Proposed Creditors Capitalisation

On 14 November 2016, our Company has entered into 15 settlement agreements with certain creditors of the subsidiaries of our Company, namely APFTSB and PTTSB. Pursuant to the Settlement Agreements with Creditors, our Company shall pay on behalf of our subsidiaries as mentioned above, the debts owing to the Creditors based on the cut-off date as at 31 July 2016.

Subsequently, our Company had on 10 March 2017 entered into 15 Supplemental Agreements with Creditors to revise the cut-off date of the Settlement Agreements with Creditors from 31 July 2016 to 31 October 2016.

The Revised Cut-off Date is to update the amount of debts owing to the Creditors and Directors.

The Proposed Creditors Capitalisation entails the settlement of the amount owing by APFTSB and PTTSB to the Creditors of approximately RM11.32 million via the issuance of 226,299,873 Settlement Shares as set out below:

Name	Event leading up to the outstanding amount	Amount outstanding as at 31 July 2016 (RM)	Amount to be settled via issuance of Settlement Shares (RM)	Number of Settlement Shares to be issued <sup>(1)</sup>	Additional amount outstanding as at 31 October 2016 (RM)	Additional amount to be settled via issuance of Settlement Shares (RM)	Number of additional Settlement Shares to be issued <sup>(2)</sup>	Total number of Settlement Shares to be issued
SPSB	Supply of catered food for the students at the flying academy	1,844,226.14	1,844,226.14	36,884,522	(111,463.50) <sup>(3)</sup>	(111,463.50)	(2,229,270)	34,655,252
S&CR	Construction of hangars and flying schools	1,149,003.00	1,149,003.00	22,980,060	-	-	-	22,980,060
WME	Renovation services at Kota Bharu's hangar	1,445,786.00	1,445,786.00	28,915,720	489,549.00	489,549.00	9,790,980	38,706,700
N&Y	Legal services for APFTSB and PTTSB	457,417.12	457,417.12	9,140,000	-	-	-	9,140,000

<b>Name</b>	<b>Event leading up to the outstanding amount</b>	<b>Amount outstanding as at 31 July 2016 (RM)</b>	<b>Amount to be settled via issuance of Settlement Shares (RM)</b>	<b>Number of Settlement Shares to be issued<sup>(1)</sup></b>	<b>Additional amount outstanding as at 31 October 2016 (RM)</b>	<b>Additional amount to be settled via issuance of Settlement Shares (RM)</b>	<b>Number of additional Settlement Shares to be issued<sup>(2)</sup></b>	<b>Total number of Settlement Shares to be issued</b>
AFSB	Supply of machineries and equipment for piping work in relation to the SAMUR project in Sipitang, Sabah	952,958.32	952,958.32	19,059,166	-	-	-	19,059,166
UEC	Blasting and painting works in relation to the SAMUR project in Sipitang, Sabah	896,618.88	896,618.88	17,932,377	-	-	-	17,932,377
HWH	Supply of manpower to carry out piping work in relation to the Arkema Lychee Project, Kuantan	700,000.00	700,000.00	14,000,000	-	-	-	14,000,000
THSB	Supply of manpower, machineries and equipment for carried out piping works in relation to the SAMUR project in Sipitang, Sabah	663,152.24	663,152.24	13,263,044	-	-	-	13,263,044
STJ	Supply of oxygen tank and gas in relation to the SAMUR project in Sipitang, Sabah	657,219.31	657,219.31	13,144,386	-	-	-	13,144,386
RMME	Sandblasting and painting for the tankage and piping works in relation to the SAMUR project in Sipitang, Sabah	540,054.69	540,054.69	10,801,093	-	-	-	10,801,093

Name	Event leading up to the outstanding amount	Amount outstanding as at 31 July 2016 (RM)	Amount to be settled via issuance of Settlement Shares (RM)	Number of Settlement Shares to be issued <sup>(1)</sup>	Additional amount outstanding as at 31 October 2016 (RM)	Additional amount to be settled via issuance of Settlement Shares (RM)	Number of additional Settlement Shares to be issued <sup>(2)</sup>	Total number of Settlement Shares to be issued
SCSB	Supply of tools and consumables in relation to the SAMUR project in Sipitang, Sabah	399,412.70	399,412.70	7,988,254	-	-	-	7,988,254
MNBR	Piping works in relation to the SAMUR project in Sipitang, Sabah	369,320.00	369,320.00	7,386,400	-	-	-	7,386,400
PMSB	Supply of industry diesel, lubricants, other petroleum products and related services in relation to the SAMUR project in Sipitang, Sabah	333,273.70	333,273.70	6,665,474	-	-	-	6,665,474
WESB	Supply of electrode in relation to the SAMUR project in Sipitang, Sabah	278,883.39	278,883.39	5,577,667	-	-	-	5,577,667
TASB	Involve in non-destructive test for the SAMUR project in Sipitang, Sabah	250,000.00	250,000.00	5,000,000	-	-	-	5,000,000
<b>TOTAL</b>		<b>10,937,325.49</b>	<b>10,937,325.49</b>	<b>218,738,163</b>	<b>378,085.50</b>	<b>378,085.50</b>	<b>7,561,710</b>	<b>226,299,873</b>

Notes:

- (1) The number of Settlement Shares to be issued was derived based on the amount to be settled pursuant to the Settlement Agreements with Creditors at an issue price of RM0.05.
- (2) The number of additional Settlement Shares to be issued was derived based on the additional amount to be settled pursuant to the Supplemental Agreements with Creditors at an issue price of RM0.05.
- (3) There is a decrease in the amount outstanding from 31 July 2016 to 31 October 2016 is mainly due to SPSB writing off part of the outstanding amount.

### 2.1.1 Details of SPSB

SPSB was incorporated in Malaysia under the Act on 3 February 2010 as a private limited company. SPSB's share capital and number of issued shares is RM100,000 comprising 100,000 ordinary shares. SPSB is principally involved in food catering.

The directors of SPSB and their respective shareholdings in SPSB are as follows:

<b>Directors</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Khandon @ Khotonnah Binti Musharat	Malaysian	10,000	10.00

The shareholders of SPSB (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Shareholders</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Shirazs Khan Bin Saidullah Khan	Malaysian	80,000	80.00
Sharafinaz Binti Saidullah Khan	Malaysian	10,000	10.00
Khandon @ Khotonnah Binti Musharat	Malaysian	10,000	10.00

### 2.1.2 Details of S&CR

S&CR was incorporated in Malaysia under the Act on 21 February 2001 as a private limited company. S&CR's share capital and number of issued shares is RM500,000 comprising 500,000 ordinary shares. S&CR is principally involved in general building contractor.

The directors and shareholders of S&CR and their respective shareholdings in S&CR (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Directors/shareholders</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Chai Chee Ngown	Malaysian	250,000	50.00
Sin Wui Min	Malaysian	250,000	50.00

### 2.1.3 Details of WME

WME, aged 44, a Malaysian, who provide renovation services at Kota Bharu's hangar.

### 2.1.4 Details of N&Y

N&Y is a partnership registered with the Bar Council of Malaysia. N&Y is principally involved in advocates, solicitors and notary public.

The Partners of N&Y are Dhiren Rena Norendra, Souren Norendra and Saroop Rampal a/p Hardyal Rampal.

N&Y being a partnership, is unable to open a CDS account. As such, N&Y had on 21 July 2017 entered into an agreement to nominate Souren Norendra, one of the partners of N&Y to receive N&Y's entitlement of 9,140,000 Settlement Shares.

### 2.1.5 Details of AFSB

AFSB was incorporated in Malaysia under the Act on 8 February 1996 as a private limited company. AFSB's share capital and number of issued shares is RM550,000 comprising 550,000 ordinary shares. AFSB is principally involved in engineering work, hire of machinery and agency for telecommunication.

The directors of AFSB and their respective shareholdings in AFSB (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Directors</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Teo Hwee Tin	Malaysian	269,500	49.00
Eng Sun Wat	Malaysian	280,500	51.00
Jasmine Eng Li Ping	Malaysian	-	-
Jamie Eng Li Wen	Malaysian	-	-

The shareholders of AFSB (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Shareholders</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Teo Hwee Tin	Malaysian	269,500	49.00
Eng Sun Wat	Malaysian	280,500	51.00

### 2.1.6 Details of UEC

UEC was incorporated in Malaysia under Act on 6 August 1991 as a private limited company. UEC's share capital and number of issued shares is RM1,000,000 comprising 1,000,000 ordinary shares. UEC is principally involved in mechanical and civil engineering works services.

The directors of UEC and their respective shareholdings in UEC (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Directors</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Heughol Bin Gangot @ Anderson Gundok	Malaysian	950,000	95.00
Omar Bin Masra	Malaysian	50,000	5.00
Even Jonathan Narwin	Malaysian	-	-

The shareholders of UEC (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Shareholders</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Heughol Bin Gangot @ Anderson Gundok	Malaysian	950,000	95.00
Omar Bin Masra	Malaysian	50,000	5.00

### 2.1.7 Details of HWH

HWH is a sole proprietor owned by Chek Soon Hong. It commenced its operations on 5 June 2013 involving in construction of steelwork, piping and structure civic.

### 2.1.8 Details of THSB

THSB was incorporated in Malaysia under the Act on 14 July 1981 as a private limited company. THSB's share capital and number of issued shares is RM1,000,000 comprising 1,000,000 ordinary shares. THSB is principally involved in rendering of crane hire service.

The directors of THSB and their respective shareholdings in THSB (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Directors</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Wong Ming Fatt	Malaysian	-	-
Tan Chooi Har	Malaysian	333,333	33.33

The shareholders of THSB (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Shareholders</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Tan Chooi Har	Malaysian	333,333	33.33
Ananda Mahitala S/O Muniandy	Malaysian	333,334	33.34
Chong Sor Ngoh	Malaysian	333,333	33.33

### 2.1.9 Details of STJ

STJ was incorporated in Malaysia under the Act on 14 June 1988 as a private limited company. STJ's share capital and number of issued shares is RM60,000 comprising 60,000 ordinary shares. STJ is principally involved in dealing in all types of industrial gas and equipment.

The directors and shareholders of STJ and their respective shareholdings in STJ (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Directors/shareholders</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Chay Sye Ning	Malaysian	15,000	25.00
Chay Sai Lik	Malaysian	15,000	25.00
Chay Yuet Sim	Malaysian	30,000	50.00

### 2.1.10 Details of RMME

RMME is a sole proprietor owned by Krishnan A/L Supparayan. It commenced its operations on 27 August 2010 involving in sand blasting, painting and scaffolding.

### 2.1.11 Details of SCSB

SCSB was incorporated in Malaysia under the Act on 23 January 1999 as a private limited company. SCSB's share capital and number of issued shares is RM500,000 comprising 500,000 ordinary shares. SCSB is principally involved in the trading of hardware.

The directors of SCSB and their respective shareholdings in SCSB (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Directors</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Tiong Ah Hoon	Malaysian	-	-
Wong Khong Hwa	Malaysian	125,000	25.00
Liew Siew Khim	Malaysian	125,000	25.00
Wong Kian Wai	Malaysian	125,000	25.00
Wong Kian Ket	Malaysian	125,000	25.00

The shareholders of SCSB (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Shareholders</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Wong Kian Wai	Malaysian	125,000	25.00
Liew Siew Khim	Malaysian	125,000	25.00
Wong Khong Hwa	Malaysian	125,000	25.00
Wong Kian Ket	Malaysian	125,000	25.00

#### **2.1.12 Details of MNBR**

MNBR was incorporated in Malaysia under the Act on 5 March 2014 as a private limited company. MNBR's share capital and number of issued shares is RM10,000 comprising 10,000 ordinary shares. MNBR is principally involved in post weld heat treatment non-destructive testing.

The directors and shareholders of MNBR and their respective shareholdings in MNBR (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Directors/shareholders</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Mohd Nasir bin Regan	Malaysian	5,000	50.00
Mohd Farid bin Abu Bakar	Malaysian	5,000	50.00

#### **2.1.13 Details of PMSB**

PMSB was incorporated in Malaysia under the Act on 15 December 2011 as a private limited company. PMSB's share capital and number of issued shares is RM997,000 comprising 997,000 ordinary shares. PMSB is principally involved in supply of industrial diesel, lubricants, other petroleum products and related services.

The directors and shareholders of PMSB and their respective shareholdings in PMSB (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Directors/shareholders</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Ngiam Sin Kong	Malaysian	508,470	51.00
Ho Indri	Indonesian	488,530	49.00

#### **2.1.14 Details of WESB**

WESB was incorporated in Malaysia under the Act on 11 March 2013 as a private limited company. WESB's share capital and number of issued shares is RM100,000 comprising 100,000 ordinary shares. WESB is principally involved in trading of industrial and engineering supplies and materials.

The directors and shareholders of WESB and their respective shareholdings in WESB (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Directors/shareholders</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Lee Chia Ling	Malaysian	20,000	20.00
Tan Ming Sheng	Malaysian	80,000	80.00

#### **2.1.15 Details of TASB**

TASB was incorporated in Malaysia under Act on 1 February 2009 as a private limited company. TASB's share capital and number of issued shares is RM500,000 comprising 500,000 ordinary shares. TASB is principally involved in non-destructive test.

The directors and shareholders of TASB and their respective shareholdings in TASB (based on the searches extracted from CCM as at 10 July 2017) are as follows:

<b>Directors/shareholders</b>	<b>Nationality</b>	<b>Number of shares</b>	<b>%</b>
Ali Azis Bin Salleh	Malaysian	150,000	30.00
Marina Binti Khamarudin	Malaysian	350,000	70.00

#### **2.1.16 Salient terms of the Settlement Agreements with Creditors**

The salient terms of Settlement Agreements with Creditors include, *inter alia*, the following:

##### **Standstill**

- (i) Pending the date of the allotment and issuance of the Settlement Shares directly into the CDS Account of the Creditor, the allotment and issuance of which shall occur within a period of 21 or 30 days, as the case may be, from the unconditional date ("**Settlement Date**"), the parties agree not to exercise their rights to enforce under any relevant agreements, arrangements, rights and/or obligations entered into between and/or amongst the parties except upon the occurrence of an event of default under the Settlement Agreement with Creditors and/or otherwise permitted under the Settlement Agreements with Creditors. The Creditors further agrees and undertakes, during the period from the date of the Settlement Agreements with Creditors till the Settlement Date:
  - (a) not to demand payment of the debt or any part thereof from the subsidiary or exercise its rights;
  - (b) not to take any action against any of the security providers of the debt, if any;
  - (c) not to institute or continue with proceedings or steps of any kind against the subsidiary or any security provider of the debt;
  - (d) not to take any action whatsoever for, or with a view to, or in contemplation of, the winding up or dissolution of the subsidiary or any security provider of the debt, if any; and
  - (e) take such steps as may be required to withdraw or stay the suit.

##### **Conditions precedent**

- (i) The settlement of debt pursuant to the Settlement Agreements with Creditors is conditional upon the following being obtained:



- (a) APFT obtaining the approval of the shareholders of APFT for the issuance of the Settlement Shares to Creditors as full and final settlement of the debt;
- (b) APFT obtaining the approval of Bursa Securities for the listing of and quotation for the Settlement Shares to Creditors on the Main Market of Bursa Securities; and
- (c) the approvals, consents authorisations, permits or waivers of any other relevant governmental or regulatory body and any other third parties necessary or appropriate for the issuance of the Settlement Shares and /or settlement of the debt pursuant to the terms of the Settlement Agreements with Creditors having been obtained;

(hereinafter referred to as the “**Conditions Precedent**”).

- (ii) The Conditions Precedent shall be satisfied on or before 3 months from the date of the Settlement Agreements with Creditors (“**Conditions Precedent Fulfillment Date**”). Thereafter, the parties thereto may (before or on expiry of the Conditions Precedent Fulfillment Date) have an extension(s) of time as may be agreed between the Parties to comply with the Conditions Precedent. If the Conditions Precedent has not been fulfilled on the expiry of the Conditions Precedent Fulfillment Date or such extension of time agreed between the parties, then the Settlement Agreements with Creditors shall lapse and cease to have any further force or effect and thereafter none of the parties shall have any further rights against the other(s).

APFT, APFTSB, PTTSB and the Creditors have mutually agreed to extend the Conditions Precedent Fulfillment Date to 13 August 2017 for the parties to fulfill the above conditions precedent.

- (iii) The parties hereby agree that the Settlement Agreements with Creditors shall be unconditional upon fulfilment of all the Conditions Precedent.

### **Settlement**

- (i) The Settlement Agreements with Creditors shall be conditional on all parties thereto complying with their respective obligations under the Settlement Agreements with Creditors and the listing and quotation of the Settlement Shares to Creditors on the Main Market of Bursa Securities.
- (ii) APFT shall within the Settlement Date, allot and issue the Settlement Shares to Creditors directly into the CDS Account of the Creditor.
- (iii) For the purpose of item (i) above, the Creditors shall, before the Conditions Precedent Fulfillment Date, notify APFT in writing of the details of the Creditors’ CDS Accounts and hereby authorises APFT, through its agents or otherwise, for the purposes of crediting/ allotting / issuing the Settlement Shares.

### **Undertaking by Creditors**

- (i) Within 7 days after the Settlement Date, the Creditors shall:
  - (a) withdraw any and all existing litigation between the parties thereto including but not limited to the suit with no liberty to file afresh, no order to cost and each party shall bear their own legal cost in connection thereto and all litigation and claims in connection with the suit;

- (b) have no further litigation shall be filed against each other in respect of the matters pleaded in the existing litigation, disputes and all allegations made on or prior to the date of the Settlement Agreements with Creditors in connection with the matters set out in the Settlement Agreements with Creditors;
- (c) not to institute or continue with proceedings or steps of any kind against any party in connection with matters set out in the Settlement Agreements with Creditors;
- (d) not to enforce any judgement, order or decision in any way whatsoever in respect of any right of recourse held by a party; and
- (e) not to take any action whatsoever for, or with a view to, or in contemplation of, the winding up or dissolution or bankruptcy of a party in respect of the matters set out in the Settlement Agreements with Creditors.

**Events of default**

- (i) An event of default shall have occurred if:
  - (a) a party (“**Defaulting Party**”) fails to observe or perform any of its obligations under the Settlement Agreements with Creditors or commits a breach of any of the terms of the Settlement Agreements with Creditors and in respect of any such failure or breach which is capable of remedy, such action as the other party(s) (“**Non-Defaulting Party**”) may require shall not have been taken to remedy such failure or breach to the Non-Defaulting Party’s satisfaction within 14 business days from the Non-Defaulting Party notifying the Defaulting Party of such default and of such required action or within such longer period as the Non-Defaulting Party may in their sole discretion grant to the Defaulting Party, as the case may be;
  - (b) any representation, warranty or statement which is made (or acknowledged to have been made) by the Defaulting Party in the Settlement Agreements with Creditors which is contained in any certificate, statement or notice provided under or in connection herewith or therewith proves to be incorrect in any material respect, or if repeated at any time with reference to the facts and circumstances subsisting at such time would not be accurate in all material respects;
  - (c) prior to the completion of matters in the Settlement Agreements with Creditors, bankruptcy notice has been issued against the Defaulting Party or the Defaulting Party convenes a meeting of its creditors or proposes or makes any arrangement or composition with, or any assignment for the benefit of, its creditors or a petition is presented or a meeting is convened for the purpose of considering a resolution or other steps are taken for making an administration order against or for winding up of the Defaulting Party which is not withdrawn, discharged or stayed within 30 business days of the presentation of the petition or commencement of the meeting, as the case may be,

then, and in any such case and at anytime thereafter, any of the Non-Defaulting Party(s) may terminate the Settlement Agreements with Creditors and claim for damages in addition to any other remedies as may be available to it under law and equity.

### **2.1.17 Salient terms of the Supplemental Agreements with Creditors**

Save for the Revised Cut-off Date and the amendment to the outstanding amounts and number of Settlement Shares to be issued to SPSB and WME, the rest of the provisions in the 15 Settlement Agreements with Creditors shall continue in full force and effect.

### **2.1.18 Proposed Creditors Capitalisation with the Creditors of PTTSB**

Although our Company holds 51% of the equity interest in PTTSB, our Board is of the opinion that the Proposed Creditors Capitalisation with PTTSB's creditors is an appropriate option as:

- (i) Our Company is the controlling shareholder with board of directors and management control in PTTSB; and
- (ii) PTTSB's business in EPCC, being part of our Group's ordinary course of business contributed approximately 37% to our Group's revenue for the 16-month FPE 31 July 2016 and it is expected to continue to contribute substantially to our Group's revenue in the next 12 months. In view of our Group's current weak cash flow position, the Proposed Creditors Capitalisation with PTTSB's creditors will reduce the risk of PTTSB's business operations to be interrupted due to no payment to creditors.

The amount of the Proposed Creditors Capitalisation with PTTSB's creditors will be recorded as an amount owing by PTTSB to our Company and it can be settled by PTTSB's future cash flows from its operations and/or issuance of new ordinary shares of PTTSB to our Company and this will increase our Company's shareholding in PTTSB.

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## 2.2 Proposed Directors Capitalisation

The Proposed Directors Capitalisation entails the settlement of the amount owing by our Group to Dato' Faruk and PTTSB to Arif of RM12 million and RM0.88 million via the issuance of 240,000,000 and 17,500,000 Settlement Shares, respectively.

### Dato' Faruk

Amount outstanding as at 31 July 2016 (RM)	Amount to be settled via issuance of Settlement Shares (RM)	Number of Settlement Shares to be issued <sup>(1)</sup>	Additional amount outstanding as at 31 October 2016 (RM)	Additional amount to be settled via issuance of Settlement Shares (RM)	Number of additional Settlement Shares to be issued <sup>(2)</sup>	Total number of Settlement Shares to be issued
6,778,000	6,778,000	135,560,000	5,222,000	5,222,000	104,440,000	240,000,000

### Arif

Amount outstanding as at 31 July 2016 (RM)	Amount to be settled via issuance of Settlement Shares (RM)	Number of Settlement Shares to be issued <sup>(1)</sup>	Additional amount outstanding as at 31 October 2016 (RM)	Additional amount to be settled via issuance of Settlement Shares (RM)	Number of additional Settlement Shares to be issued <sup>(2)</sup>	Total number of Settlement Shares to be issued
875,000	875,000	17,500,000	-	-	-	17,500,000

Notes:

(1) Based on the issue price of RM0.05.

(2) Based on the issue price of RM0.05.

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The details of the amount owing by our Group to Dato' Faruk as at the LPD are as follows:

<b>Period</b>	<b>Purpose</b>	<b>Amount (RM'000)</b>
15-month FPE 31 March 2014 <sup>(1)</sup>	Advance to APFTSB for the purchase of 1 unit of R44 helicopter	1,475
	Advance to APFTSB for part payment for the purchase of 1 unit of R66 helicopter	688
	Advance to APFTSB for the purchase of 8 aircraft engines	974
	Advance to our company for the acquisition of 2,550,000 ordinary shares in PTTSB	10,000
	Advance to our Group for its working capital such as purchase of fuel	1,466
	Interest to Dato' Faruk	904 <sup>(2)</sup>
FYE 31 March 2015	Advance to APFTSB for aircraft maintenance	1,448
	Advance to our Group for its working capital such as purchase of fuel, aircraft insurance and rental of aircraft	2,251
	Interest to Dato' Faruk	1,041 <sup>(2)</sup>
16-month FPE 31 July 2016 <sup>(3)</sup>	Repayment to Dato' Faruk pursuant to the Capitalisation 2015	(5,000)
	Repayment to Dato' Faruk via cash <sup>(4)</sup>	(13,715)
	Advance to APFT Group for its working capital such as payment of rental and purchase of fuel	4,126
	Advance to PTTSB for payment to Shamira in relation to the supply of qualified personnel and equipment to carry out non-destruction works at the workshop and site of the Samur project	200
	Interest to Dato' Faruk	920 <sup>(2)</sup>
1 August 2016 up to LPD	Advance to APFT Group – Amount paid to Kuwait Finance House for final and full settlement of term loan	5,439
	Advance to APFT Group for its working capital such as purchase of fuel, aircraft insurance and rental of aircraft	1,136
	Repayment to Dato' Faruk via cash <sup>(4)</sup>	(1,196)
	Advance to APFT Group – Amount paid to CIMB for final and full settlement of bank overdraft	2,134
	Interest to Dato' Faruk	1,000 <sup>(2)</sup>
<b>Total</b>		<b>15,291</b>

As at the LPD, the amount owing by our Group to Dato' Faruk was approximately RM15.29 million (including interest up to the LPD). The remaining outstanding amount owing to Dato' Faruk after the completion of the Proposed Directors Capitalisation of approximately RM3.29 million (including interest up to the LPD) will be repaid when our Group has sufficient funds and/or through other form of settlement (i.e., which may include capitalisation via issuance of new APFT Shares) in the future. The form of settlement will be determined by our Board at a later date, taking into consideration the interest expenses and cash requirements of our Group. The advances have no fixed term of repayment.

The details of the amount owing by PTTSB to Arif as at the LPD are as follows:

<b>Period</b>	<b>Purpose</b>	<b>Amount (RM'000)</b>
16-month FPE 31 July 2016 <sup>(3)</sup>	Advance to PTTSB for its working capital such as rental, hire purchase and salary	930
	Repayment to Arif via cash	(55)
<b>Total</b>		<b>875<sup>(5)</sup></b>

Notes:

- (1) Our Company changed its financial year end from 31 December to 31 March.
- (2) The interests were derived based on 8.35% per annum on the monthly weighted average advances owed to Dato' Faruk.
- (3) Our Company changed its financial year end from 31 March to 31 July.
- (4) The cash for repayment to Dato' Faruk was derived from our Group's internally generated funds.
- (5) There is no change on the amount owing by PTTSB to Arif from 1 August 2016 to the LPD. The amount owing by PTTSB to Arif will be fully settled via the Proposed Directors Capitalisation.

As a gesture of gratitude to Dato' Faruk for his financial support to our Group over the years, our Board has approved that the advances from Dato' Faruk to our Group are subject to a fixed interest rate of 8.35% per annum. The fixed interest rate is based on the benchmark of our Group's bank overdraft facilities provided by CIMB\* bearing interest at 1.75% above bank's BLR of 6.60% per annum in year 2013. As such, there will be an interest saving of approximately RM1 million per annum based on the abovementioned interest rate as a result of the settlement of the amount owing by our Group of RM12 million to Dato' Faruk.

Apart from the advances from Dato' Faruk and Arif, we had on 1 July 2016 announced the Private Placement 2016. The Private Placement 2016 was completed on 2 August 2016 following the listing of 43,000,000 new APFT Shares. Our Group had raised RM2.15 million pursuant to the Private Placement 2016 for our Group's funding requirements as detailed in the announcement dated 1 July 2016.

Save for the term loans to finance our Group's assets, we do not have any other banking facility as at the LPD. Our Group's present financial position and historical losses as detailed in Section 15.1 of this Circular renders it difficult for our Company to undertake any further borrowings from banks to finance our business operation.

After taking into account the various methods to raise funds above, our Board is of the opinion that the obtainment of advances from Dato' Faruk and Arif is an appropriate option to raise additional funds for our Group's working capital requirements as:

- (i) there is no fixed schedule to service interest and/or principal for the advances from Dato' Faruk as compared to bank borrowings, thereby enabling our Group to have better control and flexibility over its cash flow;
- (ii) there is no interest and no fixed schedule to service the advances from Arif;
- (iii) no collateral is required for advances from Dato' Faruk and Arif as opposed to bank borrowings; and
- (iv) Our Group's immediate funding requirements could be addressed in a timely manner via advances from Dato' Faruk and Arif to avoid loss of business opportunities as opposed to debt financing and/or equity fund raising which require longer processing time.

In addition, our Board is of the opinion that the advances from Dato' Faruk is the most cost efficient funding as compared to debt financing despite there being a fixed interest rate of 8.35% per annum charged since 1 January 2013 as our Group may be charged with miscellaneous fees such as legal fees and stamp duty for loan documentation and other processing and administrative fees in addition to interests arising from bank borrowings.

Notwithstanding the abovementioned advantages of advances from Dato' Faruk and Arif, our Board has taken note that we will have to capitalise the advances from Dato' Faruk and Arif in the event our Group does not have sufficient cash flow to repay, which will have a dilutive effect on its shareholders' shareholdings as detailed in Section 5 of this Circular. After taking into consideration such impact, our Group is currently taking the necessary steps to strengthen our businesses as detailed in Section 6.4 of this Circular.

*Note:*

\* *CIMB had on 22 July 2016 revised its BLR to 6.75% per annum.*

### **2.3 Basis of determining and justification for the issue price for the Settlement Shares and additional Settlement Shares**

The issue price of the Settlement Shares has been fixed by our Board at RM0.05 per Settlement Share, being the par value of APFT Shares then.

The 5D-VWAP of APFT Shares up to 11 November 2016, being the date prior to the Settlement Agreement with Creditors was RM0.0435.

The issue price of the additional Settlement Shares has been fixed by our Board at RM0.05 per additional Settlement Share, being the premium of RM0.0052 or 11.61% to the 5D-VWAP of APFT Shares up to and including 9 March 2017 of RM0.0448, being the latest practicable date of APFT Shares prior to the Supplemental Agreements with Creditors.

### **2.4 Ranking of the Settlement Shares and additional Settlement Shares**

The Settlement Shares and additional Settlements Shares shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing APFT Shares, save and except that the Settlement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of issuance and allotment of the Settlement Shares and additional Settlement Shares respectively.

## **3. DETAILS OF THE PROPOSED PRIVATE PLACEMENT**

### **3.1 Size of placement**

Based on the Maximum Scenario, the Proposed Private Placement entails the issuance of up to 333,339,700 Placement Shares, representing up to 30% of the enlarged number of issued shares of APFT comprising 1,111,132,658 APFT Shares, after taking into consideration the following:

- (i) APFT's existing number of issued shares of 548,832,785 APFT Shares as at the LPD;
- (ii) assuming full settlement of debts owing to certain creditors of the subsidiaries of APFT via the issuance of 226,299,873 new APFT Shares prior to the implementation of the Proposed Private Placement;
- (iii) assuming full settlement of debts owing to the directors of APFT, namely Dato' Faruk and Arif via the issuance of 257,500,000 new APFT Shares prior to the implementation of the Proposed Private Placement; and
- (iv) assuming full exercise of the Warrants 2013/2018 into 78,500,000 APFT Shares at the exercise price of RM0.40 each prior to the implementation of the Proposed Private Placement.

Based on the minimum scenario, the size of the Proposed Private Placement is up to 164,649,800 Placement Shares, representing up to 30% of the existing number of issued shares of APFT of 548,832,785 APFT Shares as at LPD, assuming the Proposed Creditors Capitalisation and Proposed Director Capitalisation are not implemented and none of the Existing Warrants 2013/2018 is exercised into new APFT Shares prior to the implementation of the Proposed Private Placement.

The actual number of Placement Shares to be issued will depend on the total number of issued shares of our Company on a date to be determined later, after the approval set out in Section 9 of this Circular has been obtained.

### **3.2 Placement arrangement**

We intend to place out the Placement Shares to independent third party investors to be identified later other than the following:

- (i) an Interested Person;
- (ii) a person connected with an Interested Person; and
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

In addition, the independent third party investors shall be persons who qualify under Schedule 6 or 7 of the Capital Markets and Services Act, 2007, which include *inter-alia*, the issuance of the Placement Shares to each of them for a consideration of not less than RM250,000 or the issuance of the Placement Shares is made to high-net worth individuals whose net personal assets exceed RM3,000,000 or to corporations with NA exceeding RM10,000,000.

Subject to market conditions and the timing of identification of placees, the Proposed Private Placement may be implemented in 1 or more tranches within 6 months from the date of the approval from Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities. The implementation of the placement arrangement in multiple tranches would provide flexibility to our Company to procure interested investors to subscribe for the Placement Shares within the approval period as approved by Bursa Securities.

For the avoidance of doubt, the issue price for each tranche of the Placement Shares shall be determined separately. The above said basis of determining the issue price of the Placement Shares is in accordance with market based principles.

### **3.3 Ranking of the Placement Shares**

The Placement Shares shall, upon allotment and issue, rank *pari passu* in all respects with the existing APFT Shares, save and except that the Placement Shares will not be entitled to any dividend, right, allotment and/or any other distribution that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares.



### 3.4 Basis of pricing

The issue price of the Placement Shares shall be determined and fixed by our Board at a Price Fixing Date. An immediate announcement on the basis of arriving at the issue price for each tranche of the Placement Shares and the justification for the pricing including the justification on the quantum of premium or discount applied (if any) will be made on the Price Fixing Date.

The Placement Shares will not be priced at more than 10% discount to the 5D-VWAP of APFT Shares immediately before the Price Fixing Date.

For illustrative purposes, the 5D-VWAP of APFT Shares up to and including 3 July 2017, being the LPD, is RM0.0439 per APFT Share. Hence, for the purpose of this Circular, the indicative issue price of the Placement Shares will be RM0.040 per APFT Share, represents a discount of approximately RM0.0039 or 8.88% over the 5D-VWAP of APFT Shares up to and including the LPD.

### 3.5 Utilisation of proceeds

Based on the indicative issue price of RM0.040 per Placement Share, the gross proceeds of up to approximately RM13.33 million from the Proposed Private Placement will be utilised by our Group in the following manner:

Utilisation purposes	Notes	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected time frame for the utilisation of proceeds (from the date of listing of the Placement Shares)
Repayment to trade creditors	(1)	4,335	8,867	Within 12 months
Working capital requirements	(2)	2,061	4,027	Within 12 months
Estimated expenses in relation to the Proposed Private Placement	(3)	190	440	Within 2 weeks
<b>Total estimated proceeds</b>		<b>6,586</b>	<b>13,334</b>	

Notes:

- (1) *Comprise trade creditors for the provision of aircraft fuel, aircraft maintenance, aircraft insurance and equipment expenses as well as services and equipment for the projects in the oil and gas and petrochemical industries. Based on the unaudited consolidated financial results of APFT as at 30 April 2017, the total amount owing to the trade creditors was approximately RM37.44 million whereby RM11.32 million will be settled via the Proposed Creditors Capitalisation. The remaining outstanding amount to trade creditors after the completion of the Proposed Creditors Capitalisation of approximately RM26.12 million will be repaid through our internally generated funds, proceeds raised from the Proposed Private Placement and/or proceeds from the disposal of the Group's assets such as obsolete aircraft and engines and/or building.*
- (2) *Being the working capital for the existing business operations of our Group as follows:*

	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
<i>Payment to suppliers of aircraft fuel</i>	550	1,075
<i>Providers of student meals, transport and accommodation</i>	345	674
<i>Payment in relation to maintaining, repairing and overhauling the Group's aircraft and engines, aircraft insurance, annual certification expenses and aircraft spare parts</i>	371	725
<i>Other operating and administrative expenses in the ordinary course of business of the Group.</i>	795	1,553
<b>Total</b>	<b>2,061</b>	<b>4,027</b>

- (3) *The estimated expenses consist of professional fees, fees payable to the relevant authorities and other miscellaneous expenses. Any variation in the actual amount of the expenses for the Proposed Private Placement will be adjusted proportionately to/from the proceeds earmarked for the working capital purposes.*

The actual proceeds to be raised from the Proposed Private Placement will depend on the final issue price of the Placement Shares and the number of Placement Shares issued. Any shortfall/surplus in the proceeds from the expected amount will be adjusted against the amount allocated for the working capital of our Group.

Pending utilisation of the proceeds from the Proposed Private Placement for the abovementioned purposes, the proceeds will be placed in deposits with financial institution or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used as additional working capital of our Group.

## **4. RATIONALE FOR THE PROPOSALS**

### **4.1 Proposed Creditors Capitalisation**

After considering our cash and bank balances of RM0.48 million as at 30 April 2017, our Board is of the opinion that the settlement via issuance of Settlement Shares is currently more appropriate option as the Proposed Creditors Capitalisation:

- (i) will expedite the repayment to the Creditors and enable our Group to reduce our trade payables to a more manageable level;
- (ii) will allow future cash flows to be channeled to other areas of the business; and
- (iii) will result in an improvement in the gearing ratio of our Group as result of the increase in the share capital of our Company.

### **4.2 Proposed Directors Capitalisation**

Notwithstanding the amount owing by our Group to Dato' Faruk and Arif are unsecured, have no fixed term of repayment and are payable on demand, the Proposed Directors Capitalisation is undertaken to:

- (i) reduce our Group's debt without any cash outflow. In this respect, this will allow our Group to preserve our cash for other purposes, such as working capital requirements; and
- (ii) reduce our Group's interest cost as the amount owing by our Group to Dato' Faruk is subject to interest.

### **4.3 Proposed Private Placement**

As at 30 April 2017, our Group's total trade and other payables as well as amount due to directors stood at approximately RM48.46 million and RM15.86 million of which RM11.32 million and RM12.88 million will be settled via the Proposed Creditors Capitalisation and the Proposed Directors Capitalisation, respectively while total borrowings stood at approximately RM2.23 which is payable within 12 months. As our Group's cash and bank balances of approximately RM0.48 million as at 30 April 2017 to fund our day-to-day working capital requirements are limited, the additional funds to be raised from the Proposed Private Placement are expected to ease our Group's cash flows.

After due consideration of the various methods of fund raising available for the purposes as stated in Section 3.5 of this Circular, our Board is of the opinion that the Proposed Private Placement is currently an appropriate avenue of fund raising as it enables our Company to raise additional funds expeditiously to meet its working capital requirements and payment to trade creditors without incurring additional financing costs as compared to funding via bank borrowings. In addition, the Proposed Private Placement will further strengthen the capital base of our Company.

## 5. EFFECTS OF THE PROPOSALS

### 5.1 Share capital

The pro forma effects of the Proposals on the share capital are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of APFT Shares (‘000)	RM (‘000)	No. of APFT Shares (‘000)	RM (‘000)
Share capital as at the LPD	548,833	27,442	548,833	27,442
To be issued pursuant to the Proposed Creditors Capitalisation	-	-	226,300	11,315
	548,833	27,442	775,133	38,757
To be issued pursuant to the Proposed Directors Capitalisation	-	-	257,500	12,875
	548,833	27,442	1,032,633	51,632
Assuming full exercise of the Existing Warrants 2013/2018	-	-	78,500	31,400
	548,833	27,442	1,111,133	83,032
To be issued pursuant to the Proposed Private Placement	164,650	6,586	333,340	13,334
<b>Enlarged share capital</b>	<b>713,483</b>	<b>34,028</b>	<b>1,444,473</b>	<b>96,366</b>

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## 5.2 NA and gearing

The pro forma effects of the Proposals on the NA and gearing of our Group based on our audited consolidated financial statements as at 31 July 2016 are as follows:

### Minimum Scenario

	(Audited) As at 31 July 2016 RM'000	(I) After subsequent event up to LPD <sup>(1)</sup> RM'000	(II) After (I) and the Proposed Private Placement RM'000
Share capital	23,867	27,442	34,028
Share premium	15,627	15,627	15,437 <sup>(2)</sup>
Warrants reserve	19,233	19,233	19,233
Discount on shares	(19,233)	(19,233)	(19,233)
Translation reserve	(2)	(2)	(2)
Merger deficit	(21,000)	(21,000)	(21,000)
Unappropriated profits	2,517	2,517	2,517
<b>Shareholders' funds / NA</b>	<b>21,009</b>	<b>24,584</b>	<b>30,980</b>
No. of APFT Shares in issue	477,332,785	548,832,785	713,482,585
NA per APFT Share (RM)	0.04	0.04	0.04
Total bank borrowings (RM)	9,095	9,095	9,095
Gearing (times)	0.43	0.37	0.29

Notes:

(1) After taking into consideration of the issuance of 71,500,00 new APFT Shares at RM0.05 each on 9 March 2017 pursuant to the ESOS of our Company.

(2) After deducting the estimated expenses of RM0.19 million for the Proposed Private Placement.

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**Maximum Scenario**

	(Audited)	(I)	(II)	(III)	(IV)	(V)
	As at 31 July 2016	After subsequent event up to LPD <sup>(1)</sup>	After (I) and the Proposed Creditors Capitalisation <sup>(2)</sup>	After (II) and the Proposed Directors Capitalisation <sup>(3)</sup>	After (III) and assuming full exercise of Existing Warrants 2013/2018	After (IV) and the Proposed Private Placement
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	23,867	27,442	38,757	51,632	83,032	96,366
Share premium	15,627	15,627	15,377	15,377	15,377	14,937 <sup>(4)</sup>
Warrants reserve	19,233	19,233	19,233	19,233	-	-
Discount on shares	(19,233)	(19,233)	(19,233)	(19,233)	-	-
Translation reserve	(2)	(2)	(2)	(2)	(2)	(2)
Merger deficit	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)
Unappropriated profits	2,517	2,517	2,517	2,517	2,517	2,517
<b>Shareholders' funds / NA</b>	<b>21,009</b>	<b>24,584</b>	<b>35,649</b>	<b>48,524</b>	<b>79,924</b>	<b>92,818</b>
No. of APFT Shares in issue	477,332,785	548,832,785	775,132,658	1,032,632,658	1,111,132,658	1,444,472,358
NA per APFT Share (RM)	0.04	0.04	0.05	0.05	0.07	0.06
Total bank borrowings (RM)	9,095	9,095	9,095	9,095	9,095	9,095
Gearing (times)	0.43	0.37	0.26	0.19	0.11	0.10

*Notes:*

- (1) After taking into consideration of the issuance of 71,500,00 new APFT Shares at RM0.05 each on 9 March 2017 pursuant to the ESOS of our Company.
- (2) After issuance of 226,299,873 Settlement Shares at RM0.05 each to the Creditors and after deducting estimated expenses of RM0.25 million pursuant to the Proposed Creditors Capitalisation and Proposed Directors Capitalisation.
- (3) After issuance of 257,500,000 Settlement Shares at RM0.05 each to Dato' Faruk and Arif.
- (4) After deducting the estimated expenses of RM0.44 million for the Proposed Private Placement.

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### 5.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposals on the substantial shareholders' shareholdings in our Company based on the Record of Depositors as at the LPD are as follows:

#### Minimum Scenario

	As at the LPD				(I) After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of APFT Shares	%	No. of APFT Shares	%	No. of APFT Shares	%	No. of APFT Shares	%
Dato' Faruk	77,535,422	14.13	766,754 <sup>(1)</sup>	0.14	77,535,422	10.87	766,754 <sup>(1)</sup>	0.11
Arif	300,000	0.05	78,002,176 <sup>(2)</sup>	14.21	300,000	0.04	78,002,176 <sup>(2)</sup>	10.93
Aida	211,000	0.04	78,091,176 <sup>(3)</sup>	14.23	211,000	0.03	78,091,176 <sup>(3)</sup>	10.95
Aisyah	250,000	0.05	78,052,176 <sup>(4)</sup>	14.22	250,000	0.04	78,052,176 <sup>(4)</sup>	10.94
DB (Malaysia) Nominee (Asing) Sdn Bhd (Exempt an for EFG Bank)	55,020,200	10.02	-	-	55,020,200	7.71	-	-

Notes:

- (1) Deemed interest by virtue of the direct shareholdings of his children, namely Arif, Aida and Aisyah in Forad and our Company pursuant to Section 59(11)(c) of the Act.
- (2) Deemed interest by virtue of his interests in Forad and his father, Dato' Faruk and siblings, Aida's and Aisyah's direct shareholdings in our Company.
- (3) Deemed interest by virtue of her interests in Forad and her father, Dato' Faruk and siblings, Arif's and Aisyah's direct shareholdings in our Company.
- (4) Deemed interest by virtue of her interests in Forad and her father, Dato' Faruk and siblings, Arif's and Aida's direct shareholdings in our Company.

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**Maximum Scenario**

Name	As at the LPD				(I) After the Proposed Creditors Capitalisation			
	Direct		Indirect		Direct		Indirect	
	No. of APFT Shares	%	No. of APFT Shares	%	No. of APFT Shares	%	No. of APFT Shares	%
Dato' Faruk	77,535,422	14.13	766,754 <sup>(1)</sup>	0.14	77,535,422	10.00	766,754 <sup>(1)</sup>	0.10
Arif	300,000	0.05	78,002,176 <sup>(2)</sup>	14.21	300,000	0.04	78,002,176 <sup>(2)</sup>	10.06
Aida	211,000	0.04	78,091,176 <sup>(3)</sup>	14.23	211,000	0.03	78,091,176 <sup>(3)</sup>	10.07
Aisyah	250,000	0.05	78,052,176 <sup>(4)</sup>	14.22	250,000	0.03	78,052,176 <sup>(4)</sup>	10.07
WME	-	-	-	-	38,706,700	4.99	-	-
DB (Malaysia) Nominee (Asing) Sdn Bhd (Exempt an for EFG Bank)	55,020,200	10.02	-	-	55,020,200	7.10	-	-

Name	(II) After (I) and the Proposed Directors Capitalisation				(III) After (II) and assuming full exercise of Warrants 2013/2018 <sup>(5)</sup>			
	Direct		Indirect		Direct		Indirect	
	No. of APFT Shares	%	No. of APFT Shares	%	No. of APFT Shares	%	No. of APFT Shares	%
Dato' Faruk	317,535,422	30.75	18,266,754 <sup>(1)</sup>	1.77	315,535,422	28.58	18,266,754 <sup>(1)</sup>	1.64
Arif	17,800,000	1.72	318,002,176 <sup>(2)</sup>	30.80	17,800,000	1.60	318,002,176 <sup>(2)</sup>	28.62
Aida	211,000	0.02	335,591,176 <sup>(3)</sup>	32.50	211,000	0.02	335,591,176 <sup>(3)</sup>	30.20
Aisyah	250,000	0.02	335,552,176 <sup>(4)</sup>	32.49	250,000	0.02	335,552,176 <sup>(4)</sup>	30.20
WME	38,706,700	3.75	-	-	38,706,700	3.48	-	-
DB (Malaysia) Nominee (Asing) Sdn Bhd (Exempt an for EFG Bank)	55,020,200	5.33	-	-	55,020,200	4.95	-	-

Name	(IV) After (III) and the Proposed Private Placement			
	Direct		Indirect	
	No. of APFT Shares	%	No. of APFT Shares	%
Dato' Faruk	317,535,422	21.98	18,266,754 <sup>(1)</sup>	1.26
Arif	17,800,000	1.23	318,002,176 <sup>(2)</sup>	22.02
Aida	211,000	0.01	335,591,176 <sup>(3)</sup>	23.23
Aisyah	250,000	0.02	335,552,176 <sup>(4)</sup>	23.23
WME	38,706,700	2.68	-	-
DB (Malaysia) Nominee (Asing) Sdn Bhd (Exempt an for EFG Bank)	55,020,200	3.81	-	-

Notes:

- (1) Deemed interest by virtue of the direct shareholdings of his children, namely Arif, Aida and Aisyah in Forad and our Company pursuant to Section 59(11)(c) of the Act.
- (2) Deemed interest by virtue of his interests in Forad and his father, Dato' Faruk and siblings, Aida's and Aisyah's direct shareholdings in our Company.
- (3) Deemed interest by virtue of her interests in Forad and her father, Dato' Faruk and siblings, Arif's and Aisyah's direct shareholdings in our Company.
- (4) Deemed interest by virtue of her interests in Forad and her father, Dato' Faruk and siblings, Arif's and Aida's direct shareholdings in our Company.
- (5) None of the substantial shareholders and/or persons connected to them holds any Warrants 2013/2018 as at the LPD.

#### 5.4 Earnings and EPS

The Proposed Creditors Capitalisation and Proposed Directors Capitalisation are not expected to have any material effect on the earnings of our Group for the FYE 31 July 2017. However, our EPS for the FYE 31 July 2017 is expected to be diluted as a result of the increase in the number of APFT Shares in issue upon issuance of the Settlement Shares.

The Proposed Private Placement is not expected to have any immediate material effect on the earnings of our Group for the FYE 31 July 2017 as the Proposed Private Placement is expected to be completed in the 4<sup>th</sup> quarter of 2017 whilst the proceeds to be raised are expected to be utilised within 12 months from the date of the listing of the Placement Shares. However, the EPS of our Group shall be correspondingly diluted as a result of the increase in the number of APFT Shares in issue pursuant to the issuance of the Placement Shares. Nevertheless, the Proposed Private Placement is expected to contribute positively to the future earnings of our Group when the benefits of the utilisation of proceeds are realized.



For illustrative purpose only, assuming the Proposals were completed on 1 April 2015, being the commencement for the 16-month FPE 31 July 2016, the LPS and NTA per Share shall be as follows:

	(Audited) 16-month FPE 31 July 2016	(I) After subsequent event up to LPD <sup>(2)</sup>	(II) After (I) and the Proposed Creditors Capitalisation	(III) After (II) and the Proposed Directors Capitalisation	(IV) After (III) and assuming full exercise of Warrants 2013/2018	(V) After (IV) and the Proposed Private Placement
Losses attributable to our equity holders (RM'000)	(34,701) <sup>(1)</sup>	(34,701)	(34,701)	(34,701)	(34,701)	(34,701)
No. of APFT Shares in issue ('000)	477,333	548,833	775,133 <sup>(3)</sup>	1,032,633 <sup>(4)</sup>	1,111,133 <sup>(5)</sup>	1,444,472 <sup>(6)</sup>
LPS (sen)	(7.27)	(6.32)	(4.48)	(3.36)	(3.12)	(2.40)

	(Audited) As at 31 July 2016	(I) After subsequent event up to LPD	(II) After (I) and the Proposed Creditors Capitalisation	(III) After (II) and the Proposed Directors Capitalisation	(IV) After (III) and assuming full exercise of Warrants 2013/2018	(V) After (IV) and the Proposed Private Placement
NTA (RM'000)	2,378	5,953 <sup>(2)</sup>	17,018 <sup>(3)(7)</sup>	29,893 <sup>(4)</sup>	61,293 <sup>(5)</sup>	74,187 <sup>(6)(8)</sup>
NTA per Share (sen)	0.50	1.08	2.20	2.89	5.52	5.14

Notes:

- (1) Based on our audited consolidated financial statements for the 16-month FPE 31 July 2016.
- (2) After taking into consideration of the issuance of 71,500,00 new APFT Shares at RM0.05 each on 9 March 2017 pursuant to the ESOS of our Company.
- (3) After issuance of 226,299,873 Settlement Shares at RM0.05 each to the Creditors pursuant to the Proposed Creditors Capitalisation.
- (4) After issuance of 257,500,000 Settlement Shares at RM0.05 each to the Directors pursuant to the Proposed Directors Capitalisation.
- (5) Assuming full exercise of the Warrants 2013/2018 into 78,500,000 APFT Shares.
- (6) After taking into consideration of the issuance of 333,339,700 Placement Shares at an indicative issue price of RM0.040 per Share pursuant to the Proposed Private Placement.
- (7) After deducting estimated expenses of approximately RM0.25 million pursuant to the Proposed Creditors Capitalisation and Proposed Directors Capitalisation.
- (8) After deducting estimated expenses of approximately RM0.44 million pursuant to the Proposed Private Placement.

## 5.5 Convertible securities

Save for the 78,500,000 Outstanding Warrants which are exercisable into APFT Shares, our Company does not have any other existing convertible securities as at the LPD.

The Proposals will not give rise to the adjustments to the exercise price and the number of the Outstanding Warrants pursuant to the provisions of the deed poll constituting the Warrants 2013/2018 dated 28 June 2013.

## 6. INDUSTRY OUTLOOK AND PROSPECTS OF OUR GROUP

### 6.1 Overview and outlook of the Malaysian economy

The Malaysian economy recorded a higher growth of 5.6% in the first quarter of 2017 (4Q 2016: 4.5%). Private sector activity was higher and remained as the main driver of growth. Growth was further lifted by higher exports, as increased demand for manufactured products led to a strong growth in real exports (9.8%; 4Q 2016: 2.2%). Real imports also increased at a faster rate of 12.9% (4Q 2016: 1.6%) on account of higher growth of capital and intermediate goods. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.8% (4Q 2016: 1.3%).

Domestic demand growth increased to 7.7% in the first quarter of the year (4Q 2016: 3.2%), supported by continued expansion in private sector expenditure (8.2%; 4Q 2016: 5.9%) and the turnaround in public sector expenditure. Private consumption grew by 6.6% (4Q 2016: 6.1%). Household spending remained supported by continued expansion in employment and wage growth. The implementation of selected Government's measures also provided additional impetus to household spending. Public consumption recorded a stronger growth of 7.5% (4Q 2016: -4.2%) attributed to higher spending on both emoluments and supplies and services.

*(Source: Economic and Financial Developments in the Malaysian Economy in the 1<sup>st</sup> Quarter of 2017, BNM)*

Given the nation's strong economic fundamentals coupled with the 2017 Budget strategies and programmes, the economy is expected to expand between 4% and 5% in 2017. The expansion translates into gross national income per capita growth of 5% from RM37,812 to RM39,699. On the demand side, growth will emanate from domestic demand, particularly private consumption and private investment expenditures which are expected to expand 6.3% and 5.8%, respectively. In tandem with higher investment activities, the savings-investment gap is expected to narrow to 0.5% – 1.5% of gross national income (2016: 1% – 1.5%). Inflation will remain manageable, while the economy continues to operate under full employment. All sectors of the economy are expected to contribute to growth, with the services and manufacturing sectors spearheading the expansion.

*(Source: Economic Report 2016/2017, Ministry of Finance Malaysia)*

### 6.2 Overview and outlook of the flight education and training market

#### (i) Extraordinary demand for pilots, technicians, and cabin crew

As global economies expand and airlines take delivery of tens of thousands of new commercial jetliners over the next 20 years, there is extraordinary demand for people to fly and maintain these airplanes. To meet this tremendous growth, the 2016 Boeing Pilot and Technician Outlook forecasts that between now and 2035, the aviation industry will need to supply more than 2 million new aviation personnel, 617,000 commercial airline pilots, 679,000 maintenance technicians, and 814,000 cabin crew.

Meeting this demand will require innovative solutions – focused on educational outreach and career pipeline programs – to inspire the next generation of pilots, technicians, and cabin crew. New technologies, devices, and training methods will be needed to meet a wide range of learning styles. The growing diversity of aviation personnel will also require instructors to have cross-cultural and cross-generational skills to engage tomorrow's workforce.

(ii) Economic expansion fueling aviation growth

Airlines across the globe are expanding their fleets and flight schedules to satisfy demand generated by global economic expansion. The aviation industry continues to address these challenges by creating balanced, sustainable solutions to fill future pilot pipelines. Although Asia Pacific remains the region with the highest overall demand, there has been a significant increase in the expected number of skilled resources required in other parts of the world. New market opportunities, such as the opening of Cuba for the North American market and increased intra-Europe travel for the European market, have strengthened demand.

(iii) Demand for locally sourced and qualified pilots

Regional markets that have relied heavily on recruiting pilots from outside their home locations are increasingly seeking to recruit, train, and develop locally sourced pilots. New market opportunities are creating an increased demand for qualified, skilled, and experienced pilots. Over the next 20 years, the Asia Pacific region will lead the worldwide growth in demand for pilots, with a requirement for 248,000 new pilots. North America will require 112,000, Europe 104,000, the Middle East 58,000, Latin America 51,000, the CIS / Russia 22,000, and Africa 22,000.

(iv) Airplane reliability affecting maintenance

As newer generation airplanes become more prevalent in worldwide fleets over the next 20 years, airplane reliability will improve, and maintenance check intervals will lengthen. Although this trend will moderate demand for maintenance personnel somewhat, the global need for technicians will remain strong. Global fleet growth, along with the increasing trend for operators to outsource maintenance, repair, and overhaul activities to third-party providers, will drive an increased need for qualified technicians. The need for maintenance personnel is largest in the Asia Pacific region, which will require 268,000 new technical personnel. Airlines in North America will require 127,000, Europe 118,000, the Middle East 66,000, Latin America 50,000, CIS / Russia 26,000, and Africa 24,000.

(v) Operational improvements expand cabin crew demand

As airlines continue to expand flight routes, grow their fleet, and transition to airplanes with higher seat capacity, an increasing number of cabin crew personnel will be needed to ensure the safety and comfort of passengers. With a focus on operational improvements, many regional markets have also updated regulations to require a greater number of cabin crew per aircraft. Over the next 20 years, the largest projected growth in cabin crew demand is in the Asia Pacific region, with a requirement for 298,000 new cabin crew. Europe will require 169,000, North America 151,000, Middle East 92,000, Latin America 51,000, Africa 27,000, and CIS / Russia 26,000.

*(Source: Current Market Outlook 2016 - 2035, as published on The Boeing Company's website)*

### **6.3 Overview and outlook of the Malaysian oil and gas industry**

The mining sector improved 1.6% during the first quarter of 2017 (Q1 2016: -1.2%) mainly due to higher production of natural gas.

*(Source: Quarterly update on the Malaysian Economy – 1<sup>st</sup> Quarter 2017, Ministry of Finance Malaysia)*

Petronas is pushing ahead with plans to start operations in 2019 at a large refining and petrochemical complex in the southeast of the country.

The RAPID project is part of Petronas' Pengerang Integrated Complex, estimated to cost as much as \$27 billion.

It is designed to have a 300,000 barrels per day oil refinery as well as a petrochemical complex with an annual capacity of 7.7 million tonnes a year.

"Petronas would like clarify that its Pengerang Integrated Complex project will continue to be the focus of its downstream growth agenda in the coming years," the company said in a statement emailed to Reuters.

"Despite the current slowdown in the world economy and depressed oil prices, the investment remains a priority for Petronas."

Petronas said that the facility was currently 54 percent complete and on track to become operational in 2019.

*(Source: <http://www.thestar.com.my/business/business-news/2017/01/27/petronas-says-rapid-project-remains-on-track-after-aramco-snub>)*

Projections for economic growth in the nearer term have recently been downgraded, although the outlook for later in the forecast period has held up better and has been revised upwards compared to the 2015 Medium-Term Oil Market Report 2015. The International Monetary Fund revised down growth projections for 2016 and 2017 first in October 2015 and again in January 2016. Global economic growth is still expected to be higher in 2016-17, compared to 2015, but lower than previously expected.

Lower oil prices are eroding the world's supply capacity, with spending cuts curbing growth in new output from both OPEC and non-OPEC. Non-OPEC production, including biofuels, accounts for 2.0 mb/d or 60% of the increase, OPEC crude capacity rises by 800 kb/d, while OPEC natural gas liquids grow by 475 kb/d.

*(Source: Executive Summary of the Medium-Term Oil Market Report 2016, International Energy Agency)*

#### **6.4 Prospects of our Group**

Our Group is mainly involved in the provision of flight education and training as well as mechanical engineering works for oil, gas and petrochemical industries. Our Group has been incurring losses for the past 5 years as a result of softening demand for the fixed wing pilot training market in Malaysia mainly due to local major airlines cutting back on their training program for new pilots as well as the delay in the refinery and petrochemicals integrated development projects due to the current lacklustre oil, gas and petrochemical industries.

As stated in our Circular dated 25 August 2015, we took the following steps to improve our financial performance:

- (i) Our Group had on 16 April 2013 formed a joint venture company under the name of PT Trans Asia Pacific Aviation Training with one of the airline operators in Indonesia, namely PT Panca Global Investama, to be the first Malaysian flight academy operator to be set up in Indonesia. Subsequently, PT Trans Asia Pacific Aviation Training had on 17 February 2015 received the Certificate of Approval from Ministry of Transportation of Republic of Indonesia approving PT Trans Asia Pacific Aviation Training to operate a flying school in Indonesia. The flying school in Indonesia has started its operation in July 2015.

However, we had on 18 May 2016 entered into an agreement to dispose of our entire interest in the joint venture company for a cash consideration of Rp.5,280,000,000 (equivalent to approximately RM1.59 million based on the exchange rate extracted from BNM on 18 May 2016) as the joint venture company had incurred losses of RM0.6 million for the 16-month FPE 31 July 2016. The disposal is expected to be completed by end of July 2017. The cash consideration will be utilised for the working capital of our Group which include payment for aircraft fuel, students meals, maintenance for aircrafts and engines etc of which the breakdown of utilization will be determined later.

- (ii) APFTMTSB had on 23 September 2014 entered into a joint aviation technical training partnership with LTTGMBH whereby LTTGMBH shall deliver the EASA Category A program to APFTMTSB at our group's facilities.

As at LPD, APFTMTSB had conducted a trial on this program and is currently in the midst of arranging the official enrolment for the commencement of this program in the 3<sup>rd</sup> quarter of 2017.

- (iii) APFTSB had on 5 December 2014 awarded a 7-year contract with an estimated contract value of RM12.80 million by the Ministry of Education to conduct the Diploma Vokasional Malaysia program in Ground Operations, being one of the Government 'Transformasi' program. We expect to receive a yearly intake of 50 students pursuant to this contract.

Up to the LPD, APFTSB had received 198 students allocated by the Ministry of Education pursuant to this contract of which 50 students were received in January 2017. The program will be offered to other sponsors once approval is given by the Ministry of Education. The sponsors could be either government sector or private sector such as Ministry of Human Resource, Ministry of Transport, Malaysia Airline Berhad, AirAsia Berhad, Malindo Airways Sdn Bhd and others. The sponsors will send its candidates to APFTSB at their own expense.

- (iv) Our Group diversified our business to include engineering, procurement, construction and commissioning business in the oil and gas and petrochemical industries via acquisition of 51% equity interest in PTTSB.

PTTSB had contributed PAT of RM2.6 million, RM0.89 million and RM4.64 million, respectively to the APFT Group for the 15-month FPE 31 March 2014, FYE 31 March 2015 and 9-month period ended 30 April 2017. However PTTSB contributed LAT of RM18.91 million to the APFT Group for the 16-month FPE 31 July 2016. Details of the financial commentaries of PTTSB are enclosed in the ensuing paragraph under "mechanical engineering works and services division (for the oil and gas and petrochemical industries)".

PTTSB had secured 3 new contracts during the 16-month FPE 31 July 2016 amounting to approximately RM57 million of which 2 of the new contracts are to design, supply, fabrication and installation of site fabricated tanks while another is for supply, fabrication and install steel structure, mechanical equipment. All 3 projects are currently in the final stage and are expected to be completed by August 2017.

PTTSB is currently in negotiation with several parties for several RAPID projects as well as other short-term projects in Malaysia. PTTSB had submitted 3 tenders for the RAPID project, 1 tender for Tankage work in Pontian, Johor and 1 tender for fabrication and erection work in Kerteh, Terengganu. Further details of the potential projects are set out in Section 15.3 of this Circular.

- (v) Our Company had on 18 June 2015 entered into a memorandum of understanding with the Ooi Bee Choo and Chuah Sher Li ("Vendors") to record our intention to acquire 100 fully paid ordinary shares of RM1.00 each in Oasis Boulevard Sdn Bhd ("Oasis"), representing 100% of the total issued and paid-up share capital in Oasis from the Vendors at an indicative consideration of RM10,000,000.

Oasis is principally involved in the cutting and transportation of forest produce.

Perbadanan Pembangunan Ladang Rakyat Negeri Kelantan was granted a removal by the Jabatan Perhutanan Negeri Kelantan to remove forest produce in and from the land held under PT 6470, PT 6471, PT 6472 and PT 6473, Mukim Ulu Nenggiri, Daerah Bertam, Jajahan Gua Musang, Kelantan Darul Naim (“**Land**”). Perbadanan Pembangunan Ladang Rakyat Negeri Kelantan, with the consent of Jabatan Perhutanan Negeri Kelantan had appointed DZA Timber Trading (“**DZA**”) to carry out the removal of forest produce in and from the Land. DZA subsequently appointed Vibrant Profit Sdn Bhd (“**VPSB**”) as its sole contract to carry out the above mentioned work.

Oasis had on 2 June 2015 entered into a sub-forest produce agreement with VPSB whereby Oasis has been appointed as the sole contractor to carry out all works relating to the cutting and transportation of forest produce.

However, the above proposed acquisition did not materialise as DZA lost its rights to carry out the removal of forest produce. Consequently, the sub-forest produce agreement with between Oasis and VPSB is no longer binding.

Notwithstanding to the above efforts undertaken by our Group, we have yet to improve our financial position and generate sufficient cash flow due to the losses from our flight education and training division as well as mechanical engineering works and services division for the oil and gas and petrochemical industries (for the 16-month FPE 31 July 2016) as explained below:

(i) Flight education and training division

The details of our Group’s flight education and training division for the past 3 audited financial years/period and the latest quarter are as follows:

	<b>15-month FPE 31 March 2014 (RM’000)</b>	<b>FYE 31 March 2015 (RM’000)</b>	<b>16-month FPE 31 July 2016 (RM’000)</b>	<b>9-month period ended 30 April 2017 (RM’000)*</b>
Revenue	19,007	14,562	15,236	3,488
LAT	(20,377)	(14,318)	(18,159)	(5,977)

*Note:*

\* There was no comparative figure for the preceding year corresponding period due to the change in our financial year end from 31 March to 31 July.

(a) 9-month period ended 30 April 2017

Our Group recorded revenue of approximately RM3.49 million for the 9-month period ended 30 April 2017 mainly from helicopter pilot training, fixed wing pilot training and Diploma Vokasional Malaysia Program.

The LAT for the 9-month period ended 30 April 2017 of RM5.98 million was mainly due to:

- (aa) rental of aircraft, hanger and land of approximately RM1.85 million;
- (bb) maintenance of aircraft of approximately RM1.39 million;
- (cc) administrative expenses such as rental for offices, insurance and utilities of approximately RM4.05 million; and
- (dd) salaries and teaching materials of RM1.58 million.

(b) 16-month FPE 31 July 2016 vs FYE 31 March 2015

Our Group's revenue generated for the 16-month FPE 31 July 2016 increased by 4.63% to approximately RM15.24 million (FYE 31 March 2015 : RM14.56 million). The increase in revenue was mainly due to longer period of revenue recorded in 16-month FPE 31 July 2016 of 16 months as compared to 12 months in the FYE 31 March 2015.

Despite the decrease in revenue, the LAT for the 16-month FPE 31 July 2016 was approximately RM18.16 million (FYE 31 March 2015 : RM14.32 million). The LAT for the 16-month FPE 31 July 2016 was mainly due to:

- (aa) inability to recruit more students (86 students enrolled during 16-month FPE 31 July 2016 vs 170 students enrolled during FYE 31 March 2015) due to lack of aircraft and engine during 16-month FPE 31 July 2016 as some of the aircraft and engine were grounded between 3-9 months for maintenance. As most of the spare parts required for the maintenance of aircraft and engine were imported from overseas and due to the weakening currency, our Group has taken a more prudent steps in purchasing the required spare parts as and when we have sufficient funds which resulted in the longer time taken for maintenance;
- (bb) increase in instructors' salaries by 9.96% to approximately RM2.67 million (FYE 31 March 2015 : RM2.43 million) as a result of longer period of expenses recorded in 16-month FPE 31 July 2016 of 16 months as compared to 12 months in the FYE 31 March 2015 and pending approval for Batch 76 (a batch of cadets training) of which the reasons of the delay in approval was not provided by authority. Considering that 5 instructors were allocated for the said batch to meet the requirement set by Department of Civil Aviation, our Group had incurred additional cost as compared to FYE 31 March 2015;
- (cc) impairment loss on property, plant and equipment of approximately RM3.14 million (FYE 31 March 2015 : Nil) due to write down of the value of aircrafts to their recoverable amount (i.e., fair value less costs to sell).

(c) FYE 31 March 2015 vs 15-month FPE 31 March 2014

Our Group's revenue generated for the FYE 31 March 2015 decreased by 23.39% to approximately RM14.56 million (15-month FPE 31 March 2014 : RM19.01 million). The decrease in revenue was mainly due to shorter period of revenue recorded in FYE 31 March 2015 of 12 months as compared to 15 months in the 15-month FPE 31 March 2014.

Despite the decrease in revenue, the LAT for the FYE 31 March 2015 improved by 29.73% to approximately RM14.32 million (15-month FPE 31 March 2014 : RM20.38 million). The improvement in the LAT for the FYE 31 March 2015 was mainly due to:

- (aa) decrease in fuel cost by 68.57% to approximately RM1.32 million (15-month FPE 31 March 2014 : RM4.20 million) as a result of the weakening of oil price since July 2014 and lower fuel consumption with lesser intake of students in the FYE 31 March 2015;
- (bb) decrease in maintenance of aircraft by 48.39% to approximately RM1.44 million (15-month FPE 31 March 2014 : RM2.79 million) as a result of lower intake of students during the FYE 31 March 2015;
- (cc) decrease in rental of aircraft by 44.63% to approximately RM0.95 million (15-month FPE 31 March 2014 : RM1.72 million) as a result of lower intake of students during the FYE 31 March 2015; and
- (dd) decrease in instructors' salaries by 34.40% to approximately RM2.43 million (15-month FPE 31 March 2014 : RM3.71 million) as a result of the reduction of headcount to be in line with prevailing levels of operation.

(ii) Mechanical engineering works and services division (for the oil and gas and petrochemical industries)

The details of our Group's mechanical engineering works and services division for the past 3 audited financial year/period and the latest quarter are as follows:

	<b>15-month FPE 31 March 2014 (RM'000)</b>	<b>FYE 31 March 2015 (RM'000)</b>	<b>16-month FPE 31 July 2016 (RM'000)</b>	<b>9-month period ended 31 January 2017* (RM'000)</b>
Revenue	13,707	68,083	9,959	45,924
PAT/(LAT)	2,602	894	(18,902)	4,636

*Note:*

\* There was no comparative figure for the preceding year corresponding period due to the change in our financial year end from 31 March to 31 July.

(a) 9-month period ended 30 April 2017

Our Group recorded revenue of approximately RM45.92 million for the 9-month period ended 30 April 2017 mainly from 3 contracts in Pahang of which 2 of the contracts are to design, supply, fabrication and installation of site fabricated tanks while another is for supply, fabrication and install steel structure, mechanical equipment.

The PAT for the 9-month period ended 30 April 2017 of RM4.64 million was mainly due to the revenue recorded for the 9-month period ended 30 April 2017 as detailed above.

(b) 16-month FPE 31 July 2016 vs FYE 31 March 2015

Our Group's revenue generated for the 16-month FPE 31 July 2016 decreased by 85.32% to approximately RM9.96 million (FYE 31 March 2015 : RM68.08 million). The decrease in revenue was mainly due the contracts awarded to PTTSB were close to completion in the 16-month FPE 31 July 2016 while the 3 new contracts only commenced work in September 2015, February 2016 and April 2016.



The LAT for the 16-month FPE 31 July 2016 was approximately RM18.90 million (FYE 31 March 2015 : PAT of RM0.89 million). The LAT for the 16-month FPE 31 July 2016 was mainly due to lower revenue and the absorption of expenditures incurred for the Samur projects in Sipitang Sabah due to the termination of the said projects in June 2015.

(c) FYE 31 March 2015 vs 15-month FPE 31 March 2014

Our Group's revenue generated for the FYE 31 March 2015 increased by 396.70% to approximately RM68.08 million (15-month FPE 31 March 2014 : RM13.71 million). The increase in revenue was mainly due to the full year consolidation of revenue contributed by PTTSB in the FYE 31 March 2015 as compared to the 2 months consolidation of revenue contributed by PTTSB in the 15-month FPE 31 March 2014. The reason of the variance of consolidation of revenue contributed by PTTSB was mainly due to the completion of acquisition of PTTSB on 30 January 2014.

Despite the increase in the revenue, the PAT generated decreased by 65.64% to approximately RM0.89 million (15-month FPE 31 March 2014 : RM2.60 million). The decrease in PAT for FYE 31 March 2015 was mainly due to:

- (aa) increase in finance cost by 521.79% to approximately RM0.11 million (15-month FPE 31 March 2014 : RM0.02 million) as a result of additional financing facilities to acquire equipment and consolidation of depreciation expenses for full financial year;
- (bb) increase in depreciation expenses by 403.24% to approximately RM0.83 million (15-month FPE 31 March 2014 : RM0.17 million) as a result of consolidation of depreciation expenses for full financial year; and
- (cc) increase in staff cost by 60.51% to approximately RM2.52 million (15-month FPE 31 March 2014 : RM1.57 million) as a result of consolidation of expenses for full financial year.

In addition to the above, our Group had taken the following steps to improve our financial performance and position:

- (i) APFTSB had in April 2014 obtained the temporary approval from Kementerian Pelajaran Tinggi for the offering of 3 new Diploma and Advance Diploma programs, namely Diploma in Aircraft Maintenance, Advance Diploma in Aircraft Maintenance (Mechanical) and Advance Diploma in Aircraft Maintenance (Avionics), all of which are accredited by Malaysian Qualifications Agency. An audit was carried out by the Kementerian Pelajaran Tinggi in March 2017 and Kementerian Pelajaran Tinggi had given their feedback on the audit. APFTSB is in the midst of addressing issues highlighted in the audit finding. Should the quality of these courses meet the expected requirements, APFTSB will be granted an official approval from Kementerian Pelajaran Tinggi.

APFTSB has obtained approval from Malaysian Qualifications Agency and Kementerian Pelajaran Tinggi for the offering of Diploma in Air Traffic Management. These additional courses are expected to provide our Group with additional revenue in addition with existing training of fixed wing pilot programs. As at the LPD, we are in the process of recruiting students and expect to commence the air traffic course in August/September 2017.

- (ii) APFTMTSB had in 2015 commenced the provision of the Jeppesen Dispatcher course. For the March 2017 intake, 10 students had enrolled for the course and completed the course in April 2017. The next intake of the Jeppesen Dispatcher course is expected to commence in September 2017.

- (iii) APFTSB had been providing training of helicopter cadets to the BOMBA since 2012 and the BOMBA had on 26 October 2014 granted a new contract up to November 2017 to our Group for the training of helicopter cadets.
- (iv) Our Group is currently in the midst of negotiating with a government agency in Malaysia for the helicopter pilot training program. The existing training of helicopter cadets provided by our Group to BOMBA has provided our Group a competitive advantage in the negotiation with government agency in Malaysia. In view that the negotiation is still on-going and the contract has not been awarded, our Group is not able to provide additional information.

Premised on the above strategies undertaken and the outlook of the industries which our Group is currently operating in, our management is of the opinion that the prospects, financial performance and financial position of our Group will improve barring any unforeseen circumstances which may have an adverse impact on the business of our Group.

## **7. RISK FACTORS**

The risk factors, which may not be exhaustive, pertaining to the Proposals are set out below:

### **7.1 Dilution risk**

The number of our issued shares will potentially increase from 548,832,785 as at the LPD to 1,444,472,358 under the Maximum Scenario upon completion of the Proposals. Hence, our shareholders will experience a dilution in their shareholdings as a result of the issuance of the Settlement Shares and Placement Shares. The shareholding of Dato' Faruk, our Executive Chairman and largest shareholder as well as Arif, our Executive Director and shareholder, will immediately increase from 14.13% and 0.05% as at the LPD to 30.75% and 1.72%, respectively after the Proposed Creditors Capitalisation and Proposed Directors Capitalisation. Nevertheless, Dato' Faruk, together with his family members have been the largest shareholder in our Company since our listing on the Main Market of Bursa Securities in 2011, and they will continue to be the driving force behind our Group.

Despite a dilutive effect on our shareholders' shareholdings, the Proposals are expected to strengthen our Group's NA and gearing as detailed in Section 5.2 of this Circular.

### **7.2 Non-completion risk**

The completion of the Proposed Creditors Capitalisation and Proposed Directors Capitalisation are subject to the approval from our shareholders at our forthcoming EGM and the fulfillment of conditions precedent of the Settlement Agreement and Supplemental Settlement Agreement which are beyond the control of our Company. As such, there is no assurance that the Proposed Creditors Capitalisation and Proposed Directors Capitalisation will be completed. In the event the Proposed Creditors Capitalisation and Proposed Directors Capitalisation are not approved by our shareholders or we are not able to fulfill all the conditions precedent of the Settlement Agreement or Supplemental Settlement Agreement, our Group would be subject to repayment via cash of RM12 million (and additional interest expense of approximately RM1 million per annum based on the settlement amount of RM12 million), RM0.88 million and approximately RM11.32 million to Dato' Faruk, Arif and the Creditors respectively.

The completion of the Proposed Private Placement is subject to the approval from our shareholders at our forthcoming EGM which is beyond the control of our Company. As such, there is no assurance that the Proposed Private Placement will be implemented. In the event the Proposed Private Placement is not approved by our shareholders we will not be able to raise the necessary proceeds for the utilisation as detailed in Section 3.5 of this Circular. In addition, the implementation of the Proposed Private Placement may be aborted or delayed on the occurrence of force majeure circumstances which are beyond the control of our Company arising prior to the implementation of the Proposed Private Placement. Such circumstances include natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership which may discourage potential investors to participate in the Proposed Private Placement.

## 8. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of APFT Shares for the past twelve (12) months are as follows:

	<b>Highest (RM)</b>	<b>Lowest (RM)</b>
<b><u>2016</u></b>		
July	0.060	0.040
August	0.065	0.045
September	0.050	0.045
October	0.050	0.045
November	0.085	0.040
December	0.070	0.025
<b><u>2017</u></b>		
January	0.045	0.035
February	0.050	0.040
March	0.055	0.040
April	0.055	0.040
May	0.045	0.035
June	0.045	0.035

The last transacted price of APFT Shares on Bursa Securities immediately prior to the Proposed Capitalisation Announcement on 14 November 2016 was RM0.05 per APFT Share.

The last transacted price of APFT Shares on Bursa Securities immediately prior to the Proposed Private Placement Announcement on 9 March 2017 was RM0.04 per APFT Share.

The last transacted price of APFT Shares on Bursa Securities as at the LPD was RM0.04 per APFT Share.

*(Source: Bloomberg Finance L.P)*

## 9. APPROVALS REQUIRED

The Proposals are subject to and conditional upon the following approvals being obtained:

- (i) Bursa Securities for the listing of and quotation for the Settlement Shares and Placement Shares on the Main Market of Bursa Securities;

The approval of Bursa Securities is subject to the following conditions:

	<b>Conditions imposed</b>	<b>Status of compliance</b>
(a)	Our Company and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;	To be complied
(b)	Our Company and TA Securities to inform Bursa Securities upon completion of the Proposals;	To be complied
(c)	Our Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;	To be complied
(d)	Our Company to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at EGM for the Proposals;	To be complied
(e)	TA Securities must submit to Bursa Securities the placee's details in accordance with Paragraph 6.15 of the Listing Requirement as soon as practicable after each tranche of placement and before the listing of the placement shares; and	To be complied
(f)	If applicable, payment of additional listing fee based on the final issue price together with a copy of the details of computation of the amount of listing fees payable.	To be complied

- (ii) our shareholders for the Proposals at our forthcoming EGM.

## 10. INTER-CONDITIONALITY

The Proposed Directors Capitalisation is conditional upon the Proposed Creditors Capitalisation but not vice versa.

The Proposed Private Placement is not conditional upon the Proposed Creditors Capitalisation and the Proposed Directors Capitalisation and vice versa.

The Proposals are not conditional upon any other corporate proposals.

## 11. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Dato' Faruk is our Executive Chairman and major shareholder.

Forad is our shareholder and a company owned by Dato' Faruk's children, namely Arif, Aisyah and Aida.

Arif (who is the son of Dato' Faruk) is our Executive Director and shareholder. He is also a shareholder of Forad.

Aisyah and Aida (who are the daughters of Dato' Faruk) are our shareholders. They are also shareholders of Forad.

None of our directors, major shareholders and/or persons connected with them has any interest, direct and indirect, in the Proposed Creditors Capitalisation and Proposed Private Placement in view that the Settlement Shares to the Creditors and the Placement Shares will not be placed to them as mentioned in Section 2.1 and 3.2 of this Circular. However, the Proposed Directors Capitalisation is conditional upon the Proposed Creditors Capitalisation. As such, Dato' Faruk, Forad, Arif, Aisyah and Aida will abstain and will also undertake to ensure that persons connected with them will abstain from voting, in respect of their direct and indirect shareholdings in APFT, on the resolutions to approve the Proposed Creditors Capitalisation and Proposed Directors Capitalisation at an EGM to be convened.

Dato' Faruk and Arif have abstained and will continue to abstain from all deliberations and voting on the Proposed Creditors Capitalisation and Proposed Directors Capitalisation at Board meetings.

As at the LPD, the direct and indirect interests of the Interested Shareholders and Interested Directors in our Company are as follows:

Name	Direct		Indirect	
	No. of APFT Shares	%	No. of APFT Shares	%
<b><u>Interested Shareholders and Interested Directors</u></b>				
Dato' Faruk	77,535,422	14.13	766,754 <sup>(1)</sup>	0.14
Arif	300,000	0.05	78,002,176 <sup>(2)</sup>	14.21
<b><u>Interested Shareholders</u></b>				
Forad	5,754	Neg.	-	-
Aida	211,000	0.04	78,091,176 <sup>(3)</sup>	14.23
Aisyah	250,000	0.05	78,052,176 <sup>(4)</sup>	14.22

Notes:

Neg. Negligible

- (1) Deemed interested by virtue of the direct shareholdings of his children, namely Arif, Aida and Aisyah in Forad and our Company by virtue of Section 59(11)(c) of the Act.
- (2) Deemed interested by virtue of his interests in Forad and his father, Dato' Faruk's and siblings, Aida's and Aisyah's direct shareholdings in our Company.
- (3) Deemed interested by virtue of her interests in Forad and her father, Dato' Faruk's and siblings, Arif's and Aisyah's direct shareholdings in our Company.
- (4) Deemed interested by virtue of her interests in Forad and her father, Dato' Faruk's and siblings, Arif's and Aida's direct shareholdings in our Company.

Save as disclosed above, none of our Directors and/or major shareholders and/or persons connected with them have any interest, either direct or indirect, in the Proposals.

## 12. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (save for Interested Directors) after having considered all aspects of the Proposed Creditors Capitalisation and Proposed Directors Capitalisation (including but not limited to its rationale and effects), is of the opinion that the Proposed Creditors Capitalisation and Proposed Directors Capitalisation are in the best interests of our Company. Accordingly, our Board (save for Interested Directors) recommends that you to vote **IN FAVOUR** of the resolutions in respect of the Proposed Creditors Capitalisation and Proposed Directors Capitalisation to be tabled at our forthcoming EGM.

Our Board after having considered all aspects of the Proposed Private Placement (including but not limited to its rationale and effects), is of the opinion that the Proposed Private Placement is in the best interests of our Company. Accordingly, our Board recommends that you to vote **IN FAVOUR** of the resolution in respect of the Proposed Private Placement to be tabled at our forthcoming EGM.

### 13. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to receipt of all relevant approvals, the Proposals are expected to be completed by the 4<sup>th</sup> quarter of 2017. The tentative timetable for the implementation of the Proposals is as follows:

<b>Events</b>	<b>Date</b>
EGM for the Proposals	14 August 2017
Listing of and quotation for the Settlement Shares	End August 2017
Listing of and quotation for the Placement Shares	Mid November 2017

### 14. OTHER CORPORATE EXERCISES WHICH HAVE BEEN ANNOUNCED BUT PENDING COMPLETION

Save as the Proposals, our Board is not aware of any corporate exercise which we have announced but not yet completed prior to the printing of this Circular.

### 15. ADDITIONAL INFORMATION

#### 15.1 Summary of financial information

The summary of the financial information of our Group for the 15-month FPE 31 March 2014, FYE 31 March 2015 and 16-month FPE 31 July 2016 as well as the unaudited 9-month period ended 30 April 2017 is as follows:

	← Audited →			Unaudited
	15-month FPE 31 March 2014 <sup>(1)</sup> (RM'000)	FYE 31 March 2015 (RM'000)	16-month FPE 31 July 2016 <sup>(2)</sup> (RM'000)	9-month period ended 30 April 2017 <sup>(3)</sup> (RM'000)
Revenue	33,676	84,531	26,955	50,499
LAT attributable to the owners of our Company	(20,764)	(22,051)	(34,702)	(9,541)
Shareholders' funds/ NA	50,480	29,577	21,009	15,042
Share capital	61,746	63,041	23,867	27,441
Cash, bank balances and fixed deposits <sup>(4)</sup>	3,792	2,666	2,511	478
No. of APFT Shares in issue (‘000)	308,730	315,203	477,333	548,833
Weighted average no. of APFT Shares in issue (‘000)	190,609	314,692	408,351	548,833
NA per APFT Share (RM)	0.16	0.09	0.04	0.02
Basic LPS <sup>(5)</sup> (sen)	(10.89)	(7.01)	(8.50)	(1.74)
Diluted LPS (sen)	N/A <sup>(6)</sup>	N/A <sup>(6)</sup>	N/A <sup>(6)</sup>	N/A <sup>(6)</sup>

Notes:

- (1) We changed our financial year end from 31 December to 31 March.
- (2) We changed our financial year end from 31 March to 31 July.
- (3) There was no comparative figure for the preceding year corresponding period due to the change in our financial year end from 31 March to 31 July.
- (4) The cash, bank balances and fixed deposits include:

	<b>15-month FPE 31 March 2014 (RM'000)</b>	<b>FYE 31 March 2015 (RM'000)</b>	<b>16-month FPE 31 July 2016 (RM'000)</b>	<b>9-month period ended 30 April 2017 (RM'000)</b>
Cash and bank balances	3,285	1,988	2,398	478
Fixed deposit pledged for banking facilities	507	678	113	-
<b>Total</b>	<b>3,792</b>	<b>2,666</b>	<b>2,511</b>	<b>478</b>

- (5) LAT attributable to the owners of our Company divided by the weighted average number of issued APFT Shares for the financial year under review.
  - (6) Not applicable as the exercise price of the Outstanding Warrants of RM0.40 each was higher than the last transacted market price of APFT Shares on 31 March 2014, 31 March 2015, 31 July 2016 and 30 April 2017.
- (a) 9-month period ended 30 April 2017**

Our Group recorded revenue of approximately RM50.5 million for the 9-month period ended 30 April 2017 of which approximately RM3.49 million was contributed from flight education training and approximately RM45.92 million was contributed from mechanical engineering works and services.

Our Group recorded LAT attributable to the owners of our Company of approximately RM9.54 million for the 9-month period ended 30 April 2017. The LAT incurred was mainly due to gross loss of approximately RM7.77 million as the revenue of approximately RM50.50 million was insufficient to cover the costs of services of approximately RM58.27 million which include rental, salaries and maintenance of aircraft.

The cash position of our Group for the 9-month period ended 30 April 2017 stood at approximately RM0.48 million.

**(b) 16-month FPE 31 July 2016 vs FYE 31 March 2015**

Our Group's revenue for the 16-month FPE 31 July 2016 decreased by 68.11% to approximately RM26.96 million (FYE 31 March 2015: approximately RM84.53 million). The decrease in revenue was mainly due to decrease in revenue generated from mechanical engineering works and services to approximately RM9.96 million in the 16-month FPE 31 July 2016 (FYE 31 March 2015: approximately RM68.08 million) as most of the contracts awarded to PTTSB were close to completion in the 16-month FPE 31 July 2016. As at the LPD, PTTSB has 3 new contracts, namely Kuantan 2<sup>nd</sup> Crytex Plant Project, Kuantan Resin Project-Structural Steel Work and Kuantan Resin Project-Tankage Work which have commenced work in September 2015, February 2016 and April 2016 respectively.

In line with the decrease in revenue, our Group recorded a LAT attributable to the owners of our Company of approximately RM34.70 million in the 16-month FPE 31 July 2016 (FYE 31 March 2015: approximately RM22.05 million). The LAT incurred was mainly due to:

- (i) gross loss of approximately RM20.46 million in the 16-month FPE 31 July 2016 (FYE 31 March 2015: approximately RM2.67 million) as a result of the decrease in revenue as explained above. The revenues of approximately RM26.96 million was insufficient to cover the costs of services of approximately RM47.42 million which include rental, salaries and maintenance of aircraft;
- (ii) increase in impairment loss on trade receivables to approximately RM2.09 million in the 16-month FPE 31 July 2016 (FYE 31 March 2015: approximately RM1.51 million) due to write off of certain debtors with outstanding debts of more than 60 days. As at LPD, APFT had entered into negotiations with the debtors to discuss the term of repayment; and
- (iii) impairment loss on property, plant and equipment of approximately RM3.14 million due to write down of the value of aircrafts to their recoverable amount (i.e., fair value less costs to sell).

The cash position of our Group for the 16-month FPE 31 July 2016 decreased to RM2.51 million (FYE 31 March 2015: approximately RM2.67 million). The decrease in cash position of approximately RM0.16 million was mainly due to repayment of hire purchase creditors which reduced the total hire purchase creditors to approximately RM1.17 million in the 16-month FPE 31 July 2016.

**(c) FYE 31 March 2015 vs 15-month FPE 31 March 2014**

Our Group's revenue for the FYE 31 March 2015 increased by 151.01% to approximately RM84.53 million (15-month FPE 31 March 2014: approximately RM33.68 million). The increase in revenue for the FYE 31 March 2015 was mainly contributed by PTTSB, which became our 51%-owned subsidiary on 30 January 2014 as our Group recorded consolidation of PTTSB's full financial year's results for the FYE 31 March 2015. PTTSB contributed revenue of approximately RM68.08 million to our Group for FYE 31 March 2015 (15-month FPE 31 March 2014: approximately RM13.71 million).

Despite the increase in revenue, our Group's LAT attributable to the owners of our Company for the FYE 31 March 2015 increased by 6.20% to approximately RM22.05 million (15-month FPE 31 March 2014: approximately RM20.76 million). The increase in LAT attributable to the owners of our Company for the FYE 31 March 2015 was mainly due to:

- (i) impairment of goodwill of PTTSB of RM10.00 million in the FYE 31 March 2015 as a result of delay in refinery and petrochemicals integrated development project which PTTSB was bidding for;
- (ii) increase in rental expenses for equipment and office by 337.84% to approximately RM9.51 million (15-month FPE 31 March 2014: approximately RM2.17 million) due to rental expenses incurred by PTTSB which included but not limited to rental of cranes, welding machineries, gensets and site offices; and
- (iii) losses incurred in flight education and training of approximately RM14.32 million mainly due to low students' intake for our flight education and training as a result of local major airlines cutting back on their training program coupled with the difficulty for students in obtaining financing to pursue their flight training courses as well as slowdown in demand as explained above.



The cash position of our Group for the FYE 31 March 2015 decreased to RM2.67 million (15-month FPE 31 March 2014: RM3.79 million). The decrease in cash position of approximately RM1.12 million was mainly due to:

- (i) increase in amount due from contract customers to RM10.75 million in the FYE 31 March 2015 (15-month FPE 31 March 2014: RM4.20 million) as a result of higher billing recognised by PTTSB in the FYE 31 March 2015 as compared to the early stage of the projects which were recognised in the fifteen (15)-month FPE 31 March 2014;
- (ii) repayment of amount due to non-controlling interest, PT Technic Engineering Sdn Bhd of approximately RM2.46 million;
- (iii) improve in trade payable turnover period to approximately 72 days in the FYE 31 March 2015 (15-month FPE 31 March 2014: approximately 93 days); and
- (iv) decrease in other payable to approximately RM9.62 million in the FYE 31 March 2015 (15-month FPE 31 March 2014: RM15.71 million) as a result of full settlement of remaining balance of acquisition of an equity instrument, Metro Money Exchange Sdn Bhd of approximately RM4.13 million.

## **15.2 Impact of the Proposals and value creation to APFT Group and its shareholders**

### **(i) Proposed Creditors Capitalisation**

As stated in Section 2.2 of this Circular, our Group is facing difficulties in obtaining borrowings from banks to finance our business operations due to our Group's present financial position and historical losses. Thus, the Proposed Creditors Capitalisation will enable us to repay the amount owing to our Creditors without incurring any cash outflow from our Group and conserve our cash flows for our business operations.

Taking into consideration that the amount owing to Creditors has exceeded the credit terms provided, if the Proposed Creditors Capitalisation is not implemented, the Creditors may commence legal actions such as file a winding-up petition against us. Should such legal actions are taken against our subsidiaries, namely APFTSB and PTTSB which contributed approximately 41% and 37%, respectively of the total revenue for the 16-month FPE 31 July 2016, our Group may potentially trigger Paragraph 2.1(b) and (c) of Practice Note 17 of the Listing Requirements.

In addition, the Proposed Creditors Capitalisation is expected to result in an improvement in the gearing ratio of our Group as a result of the increase in the share capital of our Company despite the dilutive effect on our existing shareholders' shareholdings.

### **(ii) Proposed Directors Capitalisation**

As stated in Section 2.2 of this Circular, our Group is facing difficulties in obtaining borrowings from banks to finance our business operation due to our Group's present financial position and historical losses. Thus, the Proposed Directors Capitalisation will enable us to repay the amount owing to our Directors without incurring any cash outflow from our Group and conserve our cash flows for our business operations.

In addition, the advances from Dato' Faruk to our Group are subject to a fixed interest rate of 8.35% per annum as approved by our Board. As such, the repayment to Dato' Faruk pursuant to the Proposed Directors Capitalisation will enable our Group to enjoy an interest saving of approximately RM1 million per annum based on the settlement of the amount owing by our Group of RM12 million to Dato' Faruk.

**(iii) Proposed Private Placement**

As at 30 April 2017, our Group's total payables and amount owing to Directors stood at approximately RM48.46 million and RM15.86 million, respectively (of which RM11.32 million and RM12.88 million will be settled via the Proposed Creditors Capitalisation and the Proposed Directors Capitalisation, respectively) while total borrowings stood at approximately RM2.23 million which is payable within 12 months. As our Group's cash and bank balances of approximately RM0.48 million as at 30 April 2017 to fund its day-to-day working capital requirements are limited, the additional funds to be raised from the Proposed Private Placement are expected to ease the Group's cash flows.

In addition, the Proposed Private Placement will enable our Group to raise funds without incurring additional interest costs as compared to bank borrowings and will improve our Group's cash flows position. These are expected to have a positive impact on our Group's earnings and will enhance shareholder value.

Notwithstanding the above and the dilutive effect on our existing shareholders' shareholdings and EPS, the Proposals are expected to be advantageous to our Group as:

- (i) the gearing ratio of our Group will be improved as a result of the increase in the share capital of our Company subsequent to the Proposals;
- (ii) the Proposed Creditors Capitalisation and utilisation of proceeds from the Proposed Private Placement will enable our Group to meet our obligation to repay the Creditors and to reduce our Group's payables to a more manageable level;
- (iii) the Proposed Creditors Capitalisation and Proposed Directors Capitalisation will enable us to reduce our debts without any cash outflow; and
- (iv) the proceeds from the Proposed Private Placement earmarked for working capital requirements of our Group are expected to ease our cash flow and ensure that our operation are not impeded by insufficient cash flow.

**15.3 Adequacy of the Proposals in addressing our Company's financial concerns**

In view of the low cash and bank balances of our Group and to meet our working capital requirements such as payment to our trade payables, operating and administrative expenses as stated in Section 3.5 of this Circular, the management of our Group foresees that our Group will require additional cash flow to support its operations for the next 12 months. With the availability of proceeds from the Proposed Private Placement to fund the future requirements of our Group while the Proposed Creditors Capitalisation and Proposed Directors Capitalisation to meet our obligation to repay Creditors and amount owing to Directors, our Group will be able to conduct our courses and training as stated in Section 6.4 of this Circular and ensure that our operation are not impeded by insufficient cash flow in the future. The courses and training is expected to provide an additional stream of revenue moving forward, on top of the revenue derived from the training of fixed wing pilot. Our Board expects that the additional courses to be provided would in turn enhance our Group's financial performance in the long run. Moving forward, our Group will explore opportunities to offer our existing courses in the aviation industry such as aircraft maintenance engineering, air traffic management, ground handling operation and management, contemporary aviation issues, safeguarding the aviation industry, aviation logistics and passenger handling services to foreigners of which is expected to increase our revenue stream.

In addition, our Group is constantly exploring potential contracts in the EPCC industry and its related works to secure more contracts. As at the LPD, our Group is working on securing the following contracts to generate cash flow for our Group in the future:

<b>No.</b>	<b>Contract details</b>	<b>Status</b>	<b>Expected tenure of contracts</b>	<b>Expected commencement date (if contracts successfully secured)</b>
1.	Tankage work in Pontian, Johor	Tender submitted in March 2016	12 months	October 2017
2.	Provision of EPCC of crude tank flexibility (piping pre-fabrication and erection works) in Penggerang, Johor	Tender submitted in March 2017	8 months	October 2017
3.	Provision of EPCC of crude tank flexibility (fabrication and erection of tankage works) in Penggerang, Johor	Tender submitted in March 2017	16 months	November 2017
4.	Power system upgrade projects (fabrication and erection works) in Kerteh, Terengganu	Tender submitted in March 2017	4 months	December 2017
5.	Air separation plant in Penggerang, Johor	Tender submitted in April 2017	12 months	October 2017
6.	Construction of low density poly ethylene/high density poly ethylene chemical plant in Jalan Santong, Paka	Tender expected to be submitted in September 2017	24 months	December 2017

For information only, the initial funding for the above contract, if materialised, will be funded by internally generated funds and/or bank borrowings (i.e., project financing).

In view of the above, the Proposals will enable our Group to settle our immediate liabilities and provide an opportunity to turn around our Company.

Further to the effort undertaken above and as stated in Section 6.4 of this Circular, our Group is constantly exploring for opportunities to increase our revenue stream from other industries and to reduce dependency from our existing businesses. As at the LPD, our Group has yet to identify any new business. Our Company will make the necessary announcement and obtain the relevant approval, if required should such opportunity arises.

## **16. EGM**

The EGM, the notice of which is enclosed in this Circular, will be held at Bilik Kiara, Kelab Golf Perkhidmatan Awam Malaysia, Bukit Kiara off Jalan Damansara, 60000 Kuala Lumpur on Monday, 14 August 2017 at 9.00 a.m. or any adjournment thereof for the purpose of considering and if thought fit, passing with or without modifications, the resolution to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you should complete and return the Form of Proxy 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 Tricor Investor & Issuing House Services Sdn Bhd of 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 set for holding the EGM. The Form of Proxy once deposited will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

**17. FURTHER INFORMATION**

Shareholders are advised to refer to the attached appendix for further information.

Yours faithfully  
For and on behalf of the Board of  
**APFT BERHAD**

**Tan Nyap Keong @ Tony Tan**  
Independent Non-Executive Director

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**FURTHER INFORMATION**

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**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Board who collectively and individually accepts full responsibility for the accuracy, completeness and correctness of the information given herein. Our Board confirms that, after making all reasonable enquiries and to the best of its knowledge and belief, there are no false or misleading statement and there is no other fact or information, the omission of which would make any statement in this Circular false or misleading.

**2. CONSENT**

TA Securities, being the adviser for the Proposals and placement agent for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

**3. DECLARATION OF CONFLICT OF INTEREST**

TA Securities has confirmed that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the adviser for the Proposals and placement agent for the Proposed Private Placement.

**4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

Save as disclosed below, our Group is not engaged in any material litigation, claim or arbitration either as plaintiff or defendant or otherwise and our Directors are not aware of any proceeding pending or threatened against our Company and/or our subsidiary companies, or of any fact likely to give rise to any proceeding which might materially or adversely affect the financial position or business of our Group:

(i) Kuala Lumpur High Court No. 22 NCV-263-07/2015

On 2 July 2015, Cadet Nadia Adib Shakila Binti Roslan (“**Cadet**”) sued APFTSB for wrongful termination of a flight training course and claims damages of RM280,000 (being the cost of completion the said course with another approved flight training organisation) and alternatively a sum of RM235,000 being the refund of the fee paid. The termination of Cadet’s flight training course was due to the Cadet not successfully completing all her professional exams in line with the guidelines from the Department of Civil Aviation, Malaysia. On 23 October 2015, the Judge allowed the Cadet’s solicitors’ oral application to transfer the case from the High Court to the Sessions Court. This matter is currently pending the Sessions Court to revert with the first case management date. Our Directors are of the opinion that our Company has a strong case and that they would be able to obtain favorable judgment. The estimated maximum exposure to liability is RM280,000 together with interest, if any, and legal costs.

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**FURTHER INFORMATION (CONT'D)**

- (ii) On 10 January 2017, Malaysia Airports Sdn Bhd (“**MASB**”) through its solicitors issued a letter of demand to APFTSB for the sum of RM2,669,916.23 in respect of inter alia, amounts outstanding on subleases/tenancies of lease rental, utilities, service fees and late payment charges at Kota Bahru and Kuala Terengganu airports (“**MASB Demand**”). The letter of demand was re-issued on 25 May 2017 for the revised claim of RM2,066,727.81. Legal proceedings have yet to be initiated by MASB. Our Directors are of the opinion that a settlement can be reached between the parties. The estimated maximum exposure to liabilities is RM2,066,727.81 together with interest, if any, and legal costs.
- (iii) Kuala Lumpur High Court No: WA-24NCVC-516-04/2017
- On 8 August 2016, Muhammad Khalid Bin Abdul Whalid (“**Muhammad Khalid**”) filed a suit against APFTSB claiming the refund of course fees paid amounting to RM250,000. On 11 November 2016, the Court dismissed Muhammad’s Khalid’s claim with costs of RM5,000. On 4 April 2017, Muhammad Khalid filed an originating summons for an extension of time to file a notice of appeal. The application is fixed for hearing on 18 August 2017. Our Directors are of the opinion that our Company has a strong case and that they would be able to defeat the appeal. The estimated maximum exposure to liabilities is RM250,000 together with interest, if any, and legal costs.
- (iv) Kuala Lumpur Sessions Court No: WA-A52NCC-4659-11/2016 consolidated with the Kuala Lumpur Sessions Court No: WA-A52NCVC-668-11/2016
- On 9 November 2016 and 14 November 2016, Ahmad Ainil Shahrein Bin Mohd Shukri and Mohamad Safiuddin Bin Rosdin filed suits against APFTSB claiming the refund of course fees paid amounting to RM195,000 plus interest and costs respectively. On 1 June 2017, both suits were consolidated and APFTSB applied to strike out both claims. The application is fixed for decision on 17 August 2017. Our Directors are of the opinion that our Company as a strong case and will be able to obtain favourable judgement. The estimated maximum exposure to liabilities is RM390,000 together with interest, if any, and legal costs.
- (v) Notice pursuant to Section 465 (1) (e) of the Companies Act 2016 dated 12.04.2017 (“**Notice**”)
- On 12 April 2017, Insultech Co Ltd through its solicitors issued the Notice to PTTSB claiming a sum of United States Dollar (“**USD**”) 89,760 for insulation works provided to PTTSB in relation to the SAMUR project. On 12 July 2017, a winding up petition dated 4 July 2017 was served on PTTSB. The suit is fixed for case management on 17 August 2017 and hearing on 7 September 2017. Our Directors are of the opinion that they will challenge the claims made as the same is not supported by a court judgment. The estimated maximum exposure to liabilities is USD89,760 together with interest, if any, and legal costs.

**FURTHER INFORMATION (CONT'D)**

- (vi) On 5 December 2016, P3 Technology Engineering Sdn Bhd (“**P3**”) filed a winding up petition against PTTSB claiming RM4,436,737.71 for the supply of manpower. On 5 April 2017 the parties entered into a settlement agreement. On 10 April 2017, the winding up proceedings were withdrawn with no order as to costs but with liberty to file afresh. On 29 June 2017, the solicitors for P3 issued a letter of demand for the settlement sum of RM1,498,000 payable under the settlement agreement. Our Directors are of the opinion that P3 will be agreeable to re-negotiate the terms of settlement. The estimated maximum exposure to liabilities is RM4,436,737.71 together with interest, if any, and legal costs.
- (vii) On 16 February 2017, Toshiba Tec Malaysia Sdn Bhd through its solicitors issued a letter of demand to APFTSB claiming RM311,876.60 for arrears of rental of photocopier and pre-mature termination of agreement. Legal proceedings have yet to be initiated. Our Directors are of the opinion that an amicable settlement of the sums claimed can be reached. The estimated maximum exposure to liabilities is RM311,876.60 together with interest, if any, and legal costs.
- (viii) Kuala Lumpur High Court Suit No: WA-22NCVC-314-06/2017
- On 22 July 2017, Employee Provident Fund (“**EPF**”) filed a suit against APFTSB, Dato’ Faruk and Arif claiming a sum of RM1,939,330 for unpaid contributions for the period of March 2014 to March 2016 (save for July 2015) The suit is fixed for case management on 25 August 2017. Our Directors are of the opinion that they will reach an amicable settlement plan to pay the outstanding sums. The estimated maximum exposure to liabilities is RM1,939,330 together with interest, if any, and legal costs.
- (ix) On 4 April 2017, Armada Dinamik Resources Sdn Bhd (“**ADRSB**”) vide its solicitors issued a claim against PTTSB for the outstanding sum of RM919,538.62 under the Construction Industry Payment and Adjudication Act 2012 in respect of non-payment for the professional services rendered by ADRSB to PTTSB for the production of detail structural shop drawings for a project in Kuantan. Legal proceedings have yet to be initiated by ADRSB. Our Directors are of the opinion that they will challenge the claims made by ARDSB. The estimated maximum exposure to liabilities is RM919,538.62.

**5. MATERIAL COMMITMENTS**

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

**6. CONTINGENT LIABILITIES**

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

	<b>Company level As at the LPD (RM'000)</b>
Corporate guarantees granted to subsidiaries for:	
- projects secured	44,349
- banking facilities and finance lease facility	2,830

## FURTHER INFORMATION (CONT'D)

	<b>Company level As at the LPD (RM'000)</b>
On-going material litigation and claims:	
- Kuala Lumpur High Court No. 22 NCV-263-07/2015	280
- Kuala Lumpur Session Court No. WA-B52NCC-897-11/2016	747
- MASB Demand	2,067
- Kuala Lumpur Session Court No. WA-24NCVC-516-04/2017	250
- Kuala Lumpur Sessions Court No: WA-A52NCC-4659-11/2016 consolidated with the Kuala Lumpur Sessions Court No: WA- A52NCVC-668-11/2016	390
- Kuala Lumpur High Court Suit No: WA-22NCVC-314-06/2017	1,939
- Notice	386 <sup>(1)</sup>
- Winding up petition filed by P3	4,437
- Letter demand from Toshiba Tec Malaysia Sdn Bhd	312
- Suit filed by EPF	1,939
- Claimed by ADRSB	920
Amount to be paid to Teguh Oil Sdn Bhd	1,748
Amount to be paid to Public Bank Berhad	1,278
Amount to be paid to CIMB Factorlease	499
<b>Total</b>	<b>64,371</b>

*Note:*

(1) The exchange rate of USD1.00 to RM4.2980, being Bank Negara Malaysia's middle rate as at 5.00 p.m. as at the LPD.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours from 9.00 a.m. to 5.00 p.m. from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of our forthcoming EGM:

- (i) the Memorandum and Articles of Association of our Company;
- (ii) our audited consolidated financial statements for the FYE 31 March 2015 and 16-month FPE 31 July 2016 and our latest unaudited consolidated financial results for the 9-month period ended 30 April 2017;
- (iii) Settlement Agreements with Creditors pursuant to the Proposed Creditors Capitalisation;
- (iv) Supplement Agreements with Creditors pursuant to the Proposed Creditors Capitalisation;
- (v) the relevant cause papers in respect of the material litigation referred to in Section 4 above; and
- (vi) the letter of consent and conflict of interests referred to in Sections 2 and 3 of this Appendix, respectively.





**APFT BERHAD**

(Company No.: 886873-T)

(Incorporated in Malaysia under the Companies Act, 2016)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“EGM”) of APFT Berhad (“APFT” or “Company”) will be held at Bilik Kiara, Kelab Golf Perkhidmatan Awam Malaysia, Bukit Kiara off Jalan Damansara, 60000 Kuala Lumpur on Monday, 14 August 2017 at 9.00 a.m. or any adjournment thereof for the purpose of considering and if thought fit, passing with or without modifications, the following resolution:

**ORDINARY RESOLUTION 1**

**PROPOSED SETTLEMENT OF DEBTS OWING TO CREDITORS OF APFT AND ITS SUBSIDIARIES (“APFT GROUP”) (“CREDITORS”) VIA THE ISSUANCE OF 226,299,873 NEW ORDINARY SHARES IN APFT (“APFT SHARES”) (“SETTLEMENT SHARES”) RESPECTIVELY AT AN ISSUE PRICE OF RM0.05 PER SETTLEMENT SHARE (“PROPOSED CREDITORS CAPITALISATION”)**

“THAT approval be and is hereby given to the Board of Directors of the Company (“Board”) for the following:

- (i) issue and allot 226,299,873 Settlement Shares to Creditors at an issue price of RM0.05 per Settlement Share, being the settlement owing by APFT Group to Creditors amounting to approximately RM11.32 million; and
- (ii) such Settlement Shares shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing APFT Shares, save and except that the Settlement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of issuance and allotment of such Settlement Shares;

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate to implement and give full effect to and complete the Proposed Creditors Capitalisation with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit and/or as may be imposed or permitted by any other relevant authorities in connection with the Proposed Creditors Capitalisation.”

**ORDINARY RESOLUTION 2**

**PROPOSED SETTLEMENT OF DEBTS OWING TO DIRECTORS OF APFT, NAMELY DATO’ FARUK BIN OTHMAN (“DATO FARUK”) AND ARIF BIN FARUK (“ARIF”) VIA THE ISSUANCE OF 240,000,000 AND 17,500,000 NEW ORDINARY SHARES OF RM0.05 EACH IN APFT (“APFT SHARES”) (“SETTLEMENT SHARES”) RESPECTIVELY AT AN ISSUE PRICE OF RM0.05 PER SETTLEMENT SHARE (“PROPOSED DIRECTORS CAPITALISATION”)**

“THAT subject to the passing of Ordinary Resolution 1, approval be and is hereby given to the Board for the following:

- (i) issue and allot 240,000,000 Settlement Shares to Dato’ Faruk at an issue price of RM0.05 per Settlement Share, being the settlement owing by APFT Group to Dato’ Faruk amounting to approximately RM12 million;
- (ii) issue and allot 17,500,000 Settlement Shares to Arif at an issue price of RM0.05 per Settlement Share, being the settlement owing by APFT Group to Arif amounting to approximately RM0.88 million; and
- (iii) such Settlement Shares shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing APFT Shares, save and except that the Settlement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of issuance and allotment of such Settlement Shares;

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate to implement and give full effect to and complete the Proposed Directors Capitalisation with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit and/or as may be imposed or permitted by any other relevant authorities in connection with the Proposed Directors Capitalisation.”

### **ORDINARY RESOLUTION 3**

#### **PROPOSED PRIVATE PLACEMENT OF UP TO 333,339,700 NEW ORDINARY SHARES IN APFT, REPRESENTING APPROXIMATELY 30% OF THE ENLARGED NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES, IF ANY) (“PROPOSED PRIVATE PLACEMENT”)**

“THAT, approval be and is hereby given to the Board to allot and issue up to 333,339,700 Placement Shares at an issue price to be determined based on the discount of not more than 10% to the 5-day volume weighted average market price of APFT Shares immediately preceding the date of price fixing, to such persons and at such time as the Board deem fit, for such purpose and utilisation of proceeds as disclosed in the Circular to Shareholders dated 27 July 2017.

THAT the Placement Shares, shall upon allotment and issue, rank *pari passu* in all respects with the existing APFT Shares, save and except that the Placement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the Placement Shares.

AND THAT the Board be and is hereby authorised to do all acts and things as they may consider necessary or expedient in the best interest of the Company with the full powers to assent to any conditions, modifications, variations and/or amendments as may be required, or imposed by the relevant authorities, and to take all steps and to enter into all such agreements, arrangements, undertakings, indemnities, transfer, assignments and guarantees with any party or parties and to carry out any other matters as may be required to implement, finalise and give full effect to the Proposed Private Placement.”

### **BY ORDER OF THE BOARD**

**TAN TONG LANG (MAICSA 7045482)**

Company Secretary  
Kuala Lumpur

27 July 2017

#### *Notes:*

- (1) *For the purpose of determining a member who shall be entitled to attend this EGM, only members whose names appear in the Record of Depositors as at 8 August 2017 will be entitled to attend, speak and vote at the EGM.*
- (2) *A member of the Company entitled to be present and to vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote instead of him/her. A proxy may but need not be a member of the Company.*
- (3) *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company 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.*
- (4) *Where a member appoints more than one (1) proxy to attend and vote at the same EGM, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*
- (5) *If the appointer is a corporation, this Form of Proxy must be executed under its common seal or under the hand of its officer or attorney.*
- (6) *The instrument appointing a proxy must be deposited at the Share Registrar’s office of the Company at Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the EGM or any adjournment thereof.*



**APFT BERHAD**

(Company No. 886873-T)

(Incorporated in Malaysia under the Companies Act, 2016)

**FORM OF PROXY**

I/We .....

of .....

being a member(s) of APFT BERHAD hereby appoint .....

..... (name & IC number)

of .....

and/of failing whom ..... (name & IC number)

of .....

or\* the CHAIRMAN OF THE MEETING\* as \*my/our Proxy(ies) to vote for \*me/us and act on \*my/our behalf at the Extraordinary General Meeting of the Company to be held at Bilik Kiara, Kelab Golf Perkhidmatan Awam Malaysia, Bukit Kiara off Jalan Damansara, 60000 Kuala Lumpur on Monday, 14 August 2017 at 9.00 a.m. or any adjournment thereof \*for/against the resolution to be proposed threat.

\*My/our Proxy(ies) is(are) to vote as indicated below:-

No.	Resolutions	For	Against
1.	Proposed Creditors Capitalisation		
2.	Proposed Directors Capitalisation		
3.	Proposed Private Placement		

\* Strike out whichever not applicable.

[Please indicate with (X) in the space provided how you wish your vote to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain at his(her) discretion.]

Dated this.....day of.....2017

<b>No. of shares held</b>	
<b>CDS Account No.</b>	

.....  
(Signature/Common Seal of Member)

**Notes:**

- (1) For the purpose of determining a member who shall be entitled to attend this EGM, only members whose names appear in the Record of Depositors as at 8 August 2017 will be entitled to attend, speak and vote at the EGM.
- (2) A member of the Company entitled to be present and to vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote instead of him/her. A proxy may but need not be a member of the Company.
- (3) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company 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.
- (4) Where a member appoints more than one (1) proxy to attend and vote at the same EGM, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- (5) If the appointer is a corporation, this Form of Proxy must be executed under its common seal or under the hand of its officer or attorney.
- (6) The instrument appointing a proxy must be deposited at the Share Registrar's office of the Company at Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the EGM or any adjournment thereof.

Fold this flap for sealing

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AFFIX  
STAMP

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

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