

**AME Elite Consortium Berhad**  
Registration No. 201801030789 (1292815-W)  
(Incorporated in Malaysia)

**Interim Financial Report**  
**First quarter ended 30 June 2021**

## AME Elite Consortium Berhad

Registration No. 201801030789 (1292815-W)  
(Incorporated in Malaysia)

### Unaudited condensed consolidated statement of financial position As at 30 June 2021

	unaudited 30.6.2021 RM'000	audited 31.3.2021 RM'000
<b>Assets</b>		
Property, plant and equipment	134,993	131,597
Inventories	8,662	8,662
Investment properties	325,701	325,600
Investment in a joint venture	18,168	18,194
Deferred tax assets	5,744	6,030
<b>Total non-current assets</b>	<u>493,268</u>	<u>490,083</u>
Inventories	315,160	311,459
Contract costs	4,701	6,742
Contract assets	18,819	16,495
Trade and other receivables	104,802	94,332
Current tax assets	3,030	1,319
Cash and cash equivalents	244,421	271,402
<b>Total current assets</b>	<u>690,933</u>	<u>701,749</u>
<b>Total assets</b>	<u><u>1,184,201</u></u>	<u><u>1,191,832</u></u>
<b>Equity</b>		
Share capital	620,140	620,140
Retained earnings	513,925	506,711
Merger reserve	(452,311)	(452,311)
<b>Equity attributable to owners of the Company</b>	<u>681,754</u>	<u>674,540</u>
Non-controlling interests	38,118	37,708
<b>Total equity</b>	<u>719,872</u>	<u>712,248</u>
<b>Liabilities</b>		
Loans and borrowings <sup>(i)</sup>	210,913	226,133
Due to minority shareholders	10,000	10,000
Deferred tax liabilities	15,126	14,961
<b>Total non-current liabilities</b>	<u>236,039</u>	<u>251,094</u>
Loans and borrowings <sup>(i)</sup>	27,652	21,475
Trade and other payables	133,097	147,179
Contract liabilities	59,772	51,258
Due to minority shareholders	1,318	2,234
Current tax liabilities	6,451	6,344
<b>Total current liabilities</b>	<u>228,290</u>	<u>228,490</u>
<b>Total liabilities</b>	<u>464,329</u>	<u>479,584</u>
<b>Total equity and liabilities</b>	<u><u>1,184,201</u></u>	<u><u>1,191,832</u></u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<u>1.60</u>	<u>1.58</u>

(i) See Note B8.

**AME Elite Consortium Berhad**

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**Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the first quarter ended 30 June 2021**

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000
Revenue	76,750	54,724	76,750	54,724
Cost of sales	(56,786)	(40,845)	(56,786)	(40,845)
<b>Gross profit</b>	19,964	13,879	19,964	13,879
Other income	1,070	763	1,070	763
Distribution expenses	(353)	(631)	(353)	(631)
Administrative expenses	(8,633)	(7,720)	(8,633)	(7,720)
Other expenses	(116)	(255)	(116)	(255)
<b>Results from operating activities</b>	11,932	6,036	11,932	6,036
Finance income	1,142	1,199	1,142	1,199
Finance costs	(2,216)	(2,566)	(2,216)	(2,566)
<b>Net finance costs</b>	(1,074)	(1,367)	(1,074)	(1,367)
Share of profit of an equity-accounted joint venture, net of tax	170	1,951	170	1,951
<b>Profit before tax</b>	11,028	6,620	11,028	6,620
Tax expense	(3,404)	(601)	(3,404)	(601)
<b>Profit for the period/ Total comprehensive income for the period</b>	<u>7,624</u>	<u>6,019</u>	<u>7,624</u>	<u>6,019</u>
<b>Profit attributable to:</b>				
Owners of the Company	7,214	5,323	7,214	5,323
Non-controlling interests	410	696	410	696
<b>Profit for the period/ Total comprehensive income for the period</b>	<u>7,624</u>	<u>6,019</u>	<u>7,624</u>	<u>6,019</u>
<b>Basic earnings per ordinary share (sen) <sup>(i)</sup></b>	<u>1.69</u>	<u>1.25</u>	<u>1.69</u>	<u>1.25</u>
<b>Diluted earnings per ordinary share (sen) <sup>(i)</sup></b>	<u>1.69</u>	<u>1.25</u>	<u>1.69</u>	<u>1.25</u>

(i) See Note B11.

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### Unaudited condensed consolidated statement of changes in equity for the period ended 30 June 2021

	← Non-distributable →		Distributable			
	Share capital RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>At 1 April 2020</b>	620,140	(452,311)	466,048	633,877	33,769	667,646
Profit and total comprehensive income for the period	--	--	5,323	5,323	696	6,019
<b>At 30 June 2020</b>	<u>620,140</u>	<u>(452,311)</u>	<u>471,371</u>	<u>639,200</u>	<u>34,465</u>	<u>673,665</u>
<b>At 1 April 2021</b>	620,140	(452,311)	506,711	674,540	37,708	712,248
Profit and total comprehensive income for the period	--	--	7,214	7,214	410	7,624
<b>At 30 June 2021</b>	<u>620,140</u>	<u>(452,311)</u>	<u>513,925</u>	<u>681,754</u>	<u>38,118</u>	<u>719,872</u>

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**Unaudited condensed consolidated statement of cash flows for the period ended 30 June 2021**

	3 months ended	
	30.6.2021 RM'000	30.6.2020 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	11,028	6,620
Adjustments for:		
Impairment loss on trade receivables	--	130
Property, plant and equipment:		
- depreciation	1,644	1,681
- gain on disposal	(14)	(103)
Share of profit of an equity-accounted joint venture, net of tax	(170)	(1,951)
Finance costs	2,216	2,566
Finance income	(1,142)	(1,199)
Unrealised gain on foreign exchange	(1)	(1)
	<u>13,561</u>	<u>7,743</u>
<b>Operating profit before changes in working capital</b>	13,561	7,743
Changes in inventories	(3,701)	13,369
Changes in trade and other receivables	(10,273)	4,759
Changes in trade and other payables	(14,082)	(33,051)
Changes in contract assets/(liabilities)	6,190	35,593
Changes in contract costs	2,041	665
	<u>(6,264)</u>	<u>29,078</u>
<b>Cash (used in)/generated from operations</b>	(6,264)	29,078
Interest received	1,142	1,199
Interest paid	(2,127)	(2,464)
Tax paid	(4,557)	(4,502)
	<u>(11,806)</u>	<u>23,311</u>
<b>Net cash (used in)/from operating activities</b>	(11,806)	23,311
<b>Cash flows from investing activities</b>		
Acquisition of:		
- property, plant and equipment	(5,051)	(357)
- investment properties	(101)	(2,251)
Proceeds from disposal of property, plant and equipment	25	103
Dividends received from a joint venture	--	1,500
Changes in pledged deposits	(40)	(182)
	<u>(5,167)</u>	<u>(1,187)</u>
<b>Net cash used in investing activities</b>	(5,167)	(1,187)
<b>Cash flows from financing activities</b>		
Repayment of hire purchase liabilities	(317)	(288)
Proceeds from short term borrowings	1,000	--
Repayment of term loans	(13,077)	(4,885)
Drawdown from term loans	1,756	--
Interest paid	(25)	(34)
Dividends paid to non-controlling interests	(1,000)	--
Due to minority shareholders	20	--
	<u>(11,643)</u>	<u>(5,207)</u>
<b>Net cash used in financing activities</b>	(11,643)	(5,207)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(28,616)	16,917
<b>Cash and cash equivalents as at 1 April</b>	<u>255,941</u>	<u>173,174</u>
<b>Cash and cash equivalents as at 30 June</b>	<u><u>227,325</u></u>	<u><u>190,091</u></u>

**Unaudited condensed consolidated statement of cash flows for the period ended 30 June 2021**  
(continued)

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following amounts from the condensed consolidated statement of financial position:

	<b>3 months ended</b>	
	<b>30.6.2021</b>	<b>30.6.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents:		
- cash and bank balances	60,320	45,942
- fixed deposits with licensed banks	184,101	164,730
	<u>244,421</u>	<u>210,672</u>
Less: Pledged deposits	(14,746)	(16,354)
Bank overdrafts	(2,350)	(4,227)
	<u>227,325</u>	<u>190,091</u>

## AME Elite Consortium Berhad

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### Notes to the interim financial report

## Part A: Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134 and International Accounting Standards (“IAS”) 34 Interim Financial Reporting

### A1. Basis of preparation

This interim financial report is unaudited and has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), Malaysia Financial Reporting Standards (MFRS) 134: Interim Financial Reporting and International Accounting Standards (IAS) 34: Interim Financial Reporting.

This interim financial report should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2021 and the accompanying notes attached to the interim financial report.

### A2. Significant accounting policies

The accounting policies applied by the Group in this interim financial report are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31 March 2021.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020***

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021***

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021***

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

## Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)

### A2. Significant accounting policies (continued)

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Disclosure of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group upon their first adoption.

### A3. Auditors' report

The audited consolidated financial statements for the financial year ended 31 March 2021 were not subject to any qualifications.

### A4. Seasonal or cyclical factors

The nature of the Group's business was not subject to any significant seasonal or cyclical factors.

### A5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group for the current quarter and financial period under review.

### A6. Changes in estimates

There were no material changes in estimates for the current quarter and financial period under review.

### A7. Debt and equity securities

There were no debt and equity securities issued during the current quarter and financial period under review.

### A8. Dividends paid

There were no dividends paid during the current quarter and financial period under review.



## **Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)**

### **A9. Property, plant and equipment (“PPE”)**

The Group acquired PPE amounting to RM5.05 million during the current quarter and financial period under review.

Included in the additions to PPE during the current quarter and financial period under review were headquarters office and clubhouse in-progress of RM2.79 million, workers’ dormitories in-progress of RM1.72 million and other PPE of RM0.54 million.

There were no material disposals of PPE during the current quarter and financial period under review.

### **A10. Impairment losses**

There were no significant impairment losses or reversal of impairment losses arising from property, plant and equipment, financial assets, assets arising from contracts with customers or other assets during the current quarter and financial period under review.



**Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)****A11. Segmental information (continued)**

Segmental information is presented in respect of the Group's business segments as follows:

<b>1.4.2020 to 30.6.2020 (1Q2021)</b>	<b>Construction RM'000</b>	<b>Property development RM'000</b>	<b>Engineering RM'000</b>	<b>Investment holding/ Property investment and management services RM'000</b>	<b>Total RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
Revenue from external customers	14,723	24,331	6,936	8,734	54,724	--	54,724
Inter-segment revenue	8,688	--	10,274	2,279	21,241	(21,241)	--
<b>Total revenue</b>	<b>23,411</b>	<b>24,331</b>	<b>17,210</b>	<b>11,013</b>	<b>75,965</b>	<b>(21,241)</b>	<b>54,724</b>
Segment results from operating activities	(1,478)	2,295	(2,111)	7,035	5,741	295	6,036
Share of profit of a joint venture							1,951
Finance income							1,199
Finance costs							(2,566)
<b>Profit before tax</b>							<b>6,620</b>
Tax expense							(601)
<b>Profit after tax</b>							<b>6,019</b>

## Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)

### A12. Material events subsequent to the statement of financial position date

There were no material events subsequent to the end of the current quarter and financial period under review that have not been reflected in the interim financial report.

### A13. Changes in the composition of the Group

On 19 April 2021, a new subsidiary, I REIT Managers Sdn Bhd was incorporated with initial share capital of RM100. The principal activity of the subsidiary is to be engaged as the manager of real estate investment trust.

On 31 May 2021, a new subsidiary, AME Building Management Sdn Bhd was incorporated with initial share capital of RM100. The principal activity of the subsidiary consists of those relating to provision of property management and maintenance services.

Save as disclosed above, there were no changes in the composition of the Group for the current quarter and financial period under review.

### A14. Contingent assets and contingent liabilities

#### Contingent liability not considered remote

##### Claim

The Inland Revenue Board conducted a tax audit on a subsidiary and had raised an assessment together with penalty totalling approximately RM7.16 million on 30 June 2021 for Year of Assessment 2018. The Directors believe the subsidiary has a good reasonable ground to defend its position and is currently appealing against the assessment.

In the Directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interests of the Group.

Save as disclosed above, there were no changes in contingent assets or contingent liabilities of the Group for the current quarter and financial period under review.

### A15. Capital commitments

	30.6.2021 RM'000	31.3.2021 RM'000
<b>Capital expenditure commitment</b>		
<b>Property, plant and equipment</b>		
<b>(Two new blocks of workers' dormitories in i-Park @ Indahpura)</b>		
Contracted but not provided for	18,846	20,563

Save as disclosed above, there were no changes in capital commitments of the Group for the current quarter and financial period under review.

## Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)

### A16. Significant related party transactions

The significant related party transactions of the Group are shown below.

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000
<b>A. Joint venture</b>				
Contract income	5,291	1,656	5,291	1,656
Rental income	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>
<b>B. Minority shareholder of a subsidiary</b>				
Interest expenses	<u>(64)</u>	<u>(77)</u>	<u>(64)</u>	<u>(77)</u>
<b>C. Firm in which a Director has financial interest</b>				
Professional fees	<u>(30)</u>	<u>(9)</u>	<u>(30)</u>	<u>(9)</u>
<b>D. A Director</b>				
Contract income	<u>44</u>	<u>--</u>	<u>44</u>	<u>--</u>

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements

### B1. Review of performance

#### Current quarter against corresponding quarter

	Individual quarter 3 months ended		Changes %
	30.6.2021 RM'000	30.6.2020 RM'000	
Revenue	76,750	54,724	40
Gross profit	19,964	13,879	44
Share of profit of an equity-accounted joint venture, net of tax	170	1,951	(91)
Profit before tax	11,028	6,620	67
Profit after tax	7,624	6,019	27
Profit attributable to owners of the Company	<u>7,214</u>	<u>5,323</u>	<u>36</u>

During the current and corresponding quarters under review, the Group's property development, construction and engineering operations were disrupted by the movement control orders imposed by the Government of Malaysia, which led to a delay in the completion of projects and income recognition.

The Group's revenue increased by RM22.03 million due to the increase in construction services revenue of RM26.78 million and rental income of RM1.87 million, partially offset by the decrease in property development revenue of RM5.69 million and engineering services revenue of RM0.93 million.

The Group's construction services revenue increased from RM14.72 million to RM41.50 million, which was an increase of approximately 181.93%. The increase in the revenue was due to the progression in stage of completion of the on-going construction projects.

The Group's rental income increased from RM8.73 million to RM10.60 million, which was an increase of approximately 21.42%. The increase in the rental income was due to the additional units of factory leased by tenants and higher rental income generated from workers' dormitories.

The Group's property development revenue decreased from RM24.33 million to RM18.64 million, which was a decrease of approximately 23.39%. The decrease in the revenue was due to the lower stages of work completed.

The Group's engineering services revenue decreased from RM6.94 million to RM6.01 million, which was a decrease of approximately 13.40%. The decrease in revenue was mainly due to the completion of certain projects in steel engineering and precast concrete works division.

In line with the higher revenue, the Group recorded higher gross profit.

The decrease in the Group's share of profit from an equity-accounted joint venture was mainly due to the lower sales of industrial properties recorded by the joint venture.

Overall, the Group recorded higher profit before tax, profit after tax and profit attributable to owners of the Company mainly due to the higher contributions from construction and property investment and management services segments, notwithstanding the lower share of profit from the joint venture.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B2. Comparison with immediate preceding quarter

	Current quarter 30.6.2021 RM'000	Preceding quarter 31.3.2021 RM'000	Changes %
Revenue	76,750	163,315	(53)
Gross profit	19,964	41,982	(52)
Share of profit/(loss) of an equity-accounted joint venture, net of tax	170	500	(66)
Profit before tax	11,028	31,228	(65)
Profit after tax	7,624	22,491	(66)
Profit attributable to owners of the Company	7,214	21,618	(67)

During the current quarter under review, the Government of Malaysia implemented tightened movement control orders, including the Full Movement Control Order (“FMCO”) in June 2021. The Group’s property development, construction and engineering operations were temporary halted during the FMCO period, which led to a delay in the completion of projects and income recognition.

The Group accounted lower revenues and profits across the segments, except for higher rental income from property investment and management services segment which was mainly contributed by the additional units of factory leased by tenants.

Overall, the Group recorded lower profit before tax, profit after tax and profit attributable to owners of the Company mainly due to the lower profit contributions across the segments, including the absence of fair value gains on investment properties.

### B3. Prospects for the Group for the financial year ending 31 March 2022 (“FYE 2022”)

In response to the surge in the COVID-19 infections nationwide, the Government of Malaysia implemented tightened movement control orders throughout the country, including the FMCO from 1 June 2021 to 28 June 2021 and National Recovery Plan from 29 June 2021 onwards (collectively referred as the “nationwide lockdown”).

During the nationwide lockdown, the Group’s property development, construction and engineering activities had been temporary halted and disrupted. The restricted business activities and limited manpower capacity had caused disruptions to our construction works at our project sites and affected the completion of our projects. Notwithstanding the temporary setback, the Group has been continuously taking steps to catch-up on construction progress, in addition to monitoring the recent hike in prices of building materials which may adversely impact the financial performance of the Group. The Group has also been fast-tracking the COVID-19 vaccinations which may help in easing the manpower capacity limit.

The protracted and evolving COVID-19 situation worldwide and the implementation of the nationwide lockdown have been adversely impacting the foreign direct investment flows to the country. The take-up of our i-Park industrial properties may be under pressure from the prolonged border closures. Nevertheless, the Group has been taking measures to overcome these marketing challenges.

We will continue developing i-Park @ Senai Airport City (Phase 3) and expanding our construction and property development segments to improve the Group’s profitability. While mindful of potential changes in the business landscape in light of economic challenges at the macro level, we remain steadfast in exploring, identifying and transforming suitable landbank to potentially replicate our i-Park model in Peninsular Malaysia.

In view of the uncertain economic scenario posed by the ongoing COVID-19 pandemic and other abovementioned factors, the Board of Directors is cautiously optimistic of the Group’s financial performance for the FYE 2022.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B4. Profit forecast

The Group did not issue any profit forecast during the current quarter and financial period under review.

### B5. Tax expense

Income tax expenses on continuing operations comprise the following:

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000
<b>Current</b>				
Tax expense	2,953	1,125	2,953	1,125
Deferred tax expense/(income)	451	(524)	451	(524)
	<u>3,404</u>	<u>601</u>	<u>3,404</u>	<u>601</u>

The Group's effective tax rates for the current quarter and financial period under review were higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

### B6. Status of corporate proposals

(i) On 9 October 2020, wholly-owned subsidiaries of the Company, Pentagon Land Sdn Bhd ("Pentagon") and Greenhill SILC Sdn Bhd ("Greenhill") (Pentagon and Greenhill are collectively defined as "Purchaser") entered into two separate Heads of Agreement ("HOAs") with UEM Land Berhad ("UEM" or "Vendor") and Nusajaya Heights Sdn Bhd ("NHSB" or "Proprietor"), both being the subsidiaries of UEM Sunrise Berhad, in the following manner:

- (a) the first HOA ("HOA 1") was entered into between Pentagon, Greenhill, UEM and NHSB; and
- (b) the second HOA ("HOA 2") was entered into between Pentagon, UEM and NHSB

Pentagon, Greenhill, UEM and NHSB are collectively defined as ("Parties") and HOA 1 and HOA 2 are collectively defined as ("Signed HOA").

The Signed HOA was in relation to the acquisition of seventy-two (72) plots of freehold industrial land in Phase 3, Southern Industrial & Logistic Clusters ("SiLC") in Iskandar Puteri, Johor measuring a total acreage of approximately 169.75 acres by the Purchaser for a total purchase consideration of approximately RM434.29 million ("Proposed Acquisition").

The Proposed Acquisition was conditional upon the execution of legal binding agreements comprising the sale and purchase agreements, amongst others ("Definitive Agreements").

The Signed HOA was valid for a period of thirty (30) days from the date of execution, or at an extended date as agreed in writing by the Parties, whichever is the later. The Vendor and Proprietor agreed not to enter into deals with other parties during this period.

On 6 November 2020 and 7 December 2020, the Parties mutually agreed to extend the validity period of the Signed HOA for another thirty (30) days from 8 November 2020 to 7 December 2020 and to further extend the validity period of the Signed HOA for another twenty-four (24) days from 8 December 2020 to 31 December 2020 respectively.



## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B6. Status of corporate proposals (continued)

Subsequently, Pentagon and Greenhill had on 30 December 2020 and entered into the following agreements:

- (a) a conditional sale and purchase agreement entered into by Pentagon to acquire thirty-eight (38) plots of freehold industrial land in Mukim of Pulai, District of Johor Bahru, State of Johor all located within Phase 3 of SiLC, measuring approximately 37.09 hectares or approximately 91.64 acres in total land area ("Non-Bumi Plots") from UEM and NHSB for an indicative total cash consideration of approximately RM233.53 million ("Purchase Consideration 1") ("SPA 1"); and
- (b) a conditional sale and purchase agreement entered into by Greenhill to acquire thirty-four (34) plots of freehold industrial land in Mukim of Pulai, District of Johor Bahru, State of Johor all located within Phase 3 of SiLC, measuring approximately 31.61 hectares or approximately 78.11 acres in total land area ("Bumi Plots") from UEM and NHSB for an indicative total cash consideration of approximately RM200.76 million ("Purchase Consideration 2") ("SPA 2").

The Proposed Acquisitions entail the acquisition of the lands by Pentagon and Greenhill from UEM and NHSB for an indicative Total Purchase Consideration of approximately RM434.29 million, subject to the terms and conditions of the sale and purchase agreements ("SPAs"). Pursuant to the SPAs, Pentagon shall purchase the Non-Bumi Plots and Greenhill shall purchase the Bumi Plots respectively free from all encumbrances and with vacant possession, subject to any expressed and implied conditions of title and restrictions in interest, and other endorsements as registered on the documents of title to the Non-Bumi Plots or Bumi Plots upon the terms and conditions of the SPA 1 and SPA 2 respectively.

The Proposed Acquisitions are subject to the fulfilment of conditions precedent, including the approval of the Company's shareholders at an extraordinary general meeting, which was obtained on 8 April 2021.

On 30 April 2021, the Parties mutually agreed to extend the cut-off date to 29 July 2021 for the Vendor to procure the EPU Consent and where applicable, to observe, fulfill and complete all conditions and documentation as may be necessary to obtain the EPU Consent (pursuant to the condition precedent of SPA 1 and SPA 2 as stated in items 3(b) and 3(a)(ii) respectively of Appendices III and IV of the Circular to shareholders dated 24 March 2021 in relation to the Proposed Acquisitions).

On 31 July 2021, the Parties mutually agreed to extend the cut-off date to 29 October 2021 for the relevant Party or Parties to make further representations to EPU on matters pertaining to the EPU Consent.

- (ii) On 1 December 2020, the Company appointed Hong Leong Investment Bank Berhad as the Principal Adviser and Bookrunner for the Proposed Establishment and Listing of an Industrial Real Estate Investment Trust ("AME REIT") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed REIT Establishment and Listing").

The initial investment portfolio of AME REIT shall comprise industrial properties to be identified, which are currently owned by the subsidiaries of the Company ("Subject Properties").

The Proposed REIT Establishment and Listing may entail, amongst others, the following:

- (a) proposed disposals by the subsidiaries of the Company of their interests in the Subject Properties to AME REIT with the disposal consideration to be satisfied through a combination of cash and issuance of new units in AME REIT ("Units");
- (b) proposed placement of Units to institutional investors and selected investors to meet the public unitholding spread requirement of at least 25% pursuant to the Main Market Listing Requirements of Bursa Securities; and
- (c) proposed admission of AME REIT to the Official List of Bursa Securities and the listing of and quotation for the Units on the Main Market of Bursa Securities.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B6. Status of corporate proposals (continued)

Apart from the above, the Company will also explore other potential corporate exercises which may be undertaken as part of the Proposed REIT Establishment and Listing.

The Proposed REIT Establishment and Listing will be subject to, amongst others, valuation of the Subject Properties to be conducted, finalisation of the structure, terms and conditions, the necessary approvals, waivers and/or consents from the relevant authorities and the approval of the shareholders of the Company.

(iii) On 27 May 2021, the Company proposed to undertake the following:

- (a) an issuance of up to 213,557,550 new ordinary shares in AME Elite Consortium Berhad ("AME") ("AME Shares" or "Shares") ("Bonus Shares") on the basis of 1 Bonus Share for every existing 2 AME Shares held on an entitlement date to be determined and announced later ("Entitlement Date") ("Proposed Bonus Issue of Shares");
- (b) an issuance of up to 142,371,700 free warrants in AME ("Warrants") on the basis of 1 free warrant for every 3 existing AME Shares held on the Entitlement Date ("Proposed Free Warrants Issue"); and
- (c) establishment of an employees' share option scheme ("ESOS" or "Scheme") of up to 10% of the total number of issued shares of AME at any point during the duration of the Scheme ("Proposed ESOS").

(The Proposed Bonus Issue of Shares, the Proposed Free Warrants Issue and the Proposed ESOS are collectively referred to as the "Proposals").

The Company had on 5 July 2021 submitted an application to Bursa Malaysia Securities Berhad ("Bursa Securities") for the following:

- (a) the listing and quotation of up to 213,557,550 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares on the Main Market of Bursa Securities;
- (b) the admission to the Official List of Bursa Securities and the listing and quotation of up to 142,371,700 Warrants to be issued pursuant to the Proposed Free Warrants Issue on the Main Market of Bursa Securities;
- (c) the listing and quotation of up to 142,371,700 new AME Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities; and
- (d) the listing and quotation for such number of AME Shares, representing up to 10% of the Company's total number of issued shares that may be allotted and issued at any point in time pursuant to the exercise of the ESOS Options during the duration of the Proposed ESOS on the Main Market of Bursa Securities.

Bursa Securities had via its letter dated 23 July 2021, approved the above application. The approval granted by Bursa Securities is subject to the following conditions:

- (a) AME and RHB Investment Bank Berhad ("RHBIB") must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") pertaining to the implementation of the Proposed Bonus Issue of Shares, Proposed Free Warrants Issue and Proposed ESOS;
- (b) AME and RHBIB to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue;
- (c) AME and RHBIB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue are completed;
- (d) AME and RHBIB are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements;
- (e) RHBIB is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in a general meeting approving the Proposed ESOS; and

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B6. Status of corporate proposals (continued)

- (f) AME to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants and exercise of options under the Proposed ESOS respectively, as at the end of each quarter together with a detailed computation of listing fees payable.

The Proposals are subject to the fulfilment of conditions, including the approval of the Company's shareholders at an extraordinary general meeting.

Save as disclosed above, there were no corporate proposals pending completion as at the date of this report.

### B7. Utilisation of proceeds from the Public Issue

The gross proceeds from the Public Issue approximately RM111.05 million is expected to be utilised in the following manner:

Details of use of proceeds	Estimated timeframe for the use of proceeds upon Listing	Initial proposed utilisation RM'000	Revised proposed utilisation RM'000	Actual utilisation RM'000
Future industrial property development and investment projects including land acquisitions and joint ventures	Within 36 months	69,050	78,050 <sup>(i)</sup>	--
Working capital for our i-Park @ Senai Airport City development project	Within 12 to 36 months	23,000	24,344	19,637
Complete the expansion of our precast concrete fabrication capacity	Within 12 months	9,000	-- <sup>(i)</sup>	--
Estimated listing expenses	Within 6 months	10,000	8,656	8,656 <sup>(ii)</sup>
		<u>111,050</u>	<u>111,050</u>	<u>28,293</u>

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 24 September 2019.

- (i) On 25 February 2021, the Board of Directors ("Board") has approved to vary the utilisation of proceeds arising from the IPO ("IPO Proceeds") for the future industrial property development and investment projects including land acquisitions and joint ventures, and the expansion of precast concrete fabrication capacity.

Amidst the COVID-19 pandemic, the Group's precast concrete division has been facing decrease in demand for precast concrete products arising from economic and construction industry slowdowns, as well as decrease in profit margin due to the high overhead costs and tough competition among the industry players.

The Board is of the view that the Group's precast concrete business will remain challenging given the uncertain economic scenario posed by the COVID-19 pandemic. As such, the Board has decided not to proceed the Group's expansion plan for precast concrete fabrication capacity, and to vary the IPO Proceeds by reallocating the entire initial proposed utilisation of RM9.0 million for the expansion of precast concrete fabrication capacity to the future industrial property development and investment projects including land acquisitions and joint ventures.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B7. Utilisation of proceeds from the Public Issue (continued)

The reallocated IPO Proceeds will be utilised to partially fund the Proposed Acquisitions as disclosed in Note B6 which is expected to contribute positively to the future earnings of the Group as and when the benefits of the Proposed Acquisitions are realised.

- (ii) The actual listing expenses incurred of RM8.66 million is lower than the estimated amount of RM10.00 million, therefore the excess amount of RM1.34 million will be used for working capital purposes, particularly as payment of initial development costs of Phase 3 of our i-Park @ Senai Airport City industrial park project.

### B8. Borrowings and debt securities

	30.6.2021 RM'000	31.3.2021 RM'000
<b>Secured</b>		
<b>Non-current</b>		
Term loans	209,951	224,939
Hire purchase liabilities	962	1,194
	210,913	226,133
<b>Current</b>		
Term loans	23,296	19,628
Hire purchase liabilities	1,006	1,092
Bank overdrafts	2,350	755
Revolving credit	1,000	--
	<u>27,652</u>	<u>21,475</u>
	<u>238,565</u>	<u>247,608</u>

### B9. Material litigations

AME Construction Sdn Bhd ("Plaintiff"), a wholly owned subsidiary of Amsun Industries Sdn Bhd which in turn is a wholly owned subsidiary of the Company, has on 6 November 2020 filed a Writ of Summons and Statement of Claim in the High Court of Malaya at Shah Alam, Selangor Darul Ehsan ("Civil Suit") against Area Ventures Sdn Bhd ("Defendant"), via its solicitors Messrs Raja, Darryl & Loh pertaining to a project known as

*"Cadangan Membina Sebuah Pusat Gudang Logistik Yang Mengandungi: (i) 1 Blok Gudang 3 Tingkat Dengan Pejabat Di Tingkat Mezzanine Dan 1 Tingkat Sub-Basemen Gudang dan Tempat Letak Kereta, (ii) 2 Unit Pondok Pengawal, (iii) 1 Unit Pencawang Pembahagian Utama TNB Dan Bangunan-Bangunan Utiliti, (iv) 1 Unit Bangunan Pejabat Satelite Kastam, Di Atas Lot 7716 (PN 97879) Dan Lot 7717 (HSM 2601/PT 7666), Lorong Enggang, Hulu Kelang FTZ, Seksyen 2, Bandar Hulu Kelang, Daerah Gombak, Selangor Darul Ehsan, Untuk Tetuan Area Ventures Sdn Bhd"* ("Project")

where the Plaintiff was engaged by the Defendant, via inter alia a principal letter of award dated 1 August 2016, as its main contractor to carry out the construction works for the project. The said principal letter of award has incorporated various documents all of which taken together formed the contract between the parties ("Contract").

The Plaintiff had completed all the works under the Contract and the Certificate of Practical Completion was obtained on 17 November 2019. The defects liability period will therefore expire on 16 November 2020. However, the Defendant failed to pay the Plaintiff for part of the works properly done and completed under the Contract.

To resolve the overdue payment for the debt owing to the Plaintiff by the Defendant, the parties agreed to a settlement by way of a letter dated 19 June 2020 ("Settlement Letter") from the Defendant to the Plaintiff.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B9. Material litigations (continued)

The Defendant has failed to honour its payment obligations under the Settlement Letter by failing to pay the Plaintiff a substantial amount due under the Settlement Letter by 30 September 2020. In view of the current default by the Defendant, it is anticipated that the Defendant may default in the subsequent payment obligation as well.

The Plaintiff was claiming against the Defendant for the following:

- (i) The sum of RM24,700,143.13;
- (ii) The sum of RM4,878,971.01 as the Defendant failed to pay the same to the Plaintiff on 17 November 2020;
- (iii) Interest at the rate of 5% per annum on RM24,700,143.13 to be calculated from 1 October 2020 until full realisation and interest at the rate of 5% per annum on RM4,878,971.01 to be calculated from 17 November 2020 until full realisation;
- (iv) Costs on indemnity basis to be paid by the Defendant to the Plaintiff; and
- (v) Such further and/or other order or relief as the Honourable Court thinks fit to grant.

The hearing of the Defendant's Application for a Stay of Proceedings Pending Arbitration was held on 4 February 2021 and the High Court of Malaya at Shah Alam was scheduled to deliver its decision on 17 February 2021.

The High Court of Malaya at Shah Alam had on 17 February 2021 allowed the Defendant's Application for a Stay of Proceedings Pending Arbitration, for parties to refer disputes to arbitration. The Plaintiff will file an appeal against the said decision within one (1) month from 17 February 2021.

Subsequently, the Plaintiff had on 25 February 2021 filed an appeal to the Court of Appeal Malaysia at Putrajaya ("Court of Appeal") against the High Court's decision to allow the Defendant's Application for a Stay of Proceedings Pending Arbitration. The Court of Appeal fixed a case management on 12 April 2021.

On 12 April 2021, the case management was conducted by way of e-Review and the Court of Appeal fixed a further case management on 15 June 2021 pending the grounds of judgment from the High Court.

The grounds of judgment from the High Court had been received and the Court of Appeal had on 15 June 2021 given the following directions:

- (i) the hearing for the appeal was fixed on 5 August 2021;
- (ii) the parties were to file written submissions and bundle of authorities on 5 July 2021;
- (iii) the parties were to file written submissions in reply (if any) 14 days before the hearing; and
- (iv) the next case management was fixed on 5 July 2021 which would be conducted by way of e-review.

The parties had on 7 July 2021 filed and exchanged written submissions and bundle of authorities in accordance with the Court of Appeal's direction given on the case management held on 5 July 2021.

The Court of Appeal had on 5 August 2021 affirmed the decision of the High Court and dismissed the Plaintiff's appeal with cost of RM10,000 to be paid to the Defendant.

The Plaintiff is seeking further advice from its lawyer, Messrs Raja, Darryl & Loh and take all necessary actions to protect the interest of the Plaintiff.

Save as disclosed above, there were no other material litigations which might materially and adversely affect the financial position of the Group as at the date of this report.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B10. Dividends payable

On 27 May 2021, the Board of Directors declared an interim single-tier dividend of 4.0 sen per ordinary share in respect of the financial year ended 31 March 2021, which was paid on 8 July 2021 to shareholders whose names appeared in the Record of Depositors of the Company at the close of business on 17 June 2021.

### B11. Earnings per share (“EPS”)

The basic and diluted EPS for the current quarter and financial period under review are computed as follows:

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
Net profit attributable to the owners of the Company (RM'000)	7,214	5,323	7,214	5,323
Weighted average number of ordinary shares in issue ('000)	427,115	427,115	427,115	427,115
Basic EPS (sen) <sup>(i)</sup>	1.69	1.25	1.69	1.25
Diluted EPS (sen) <sup>(ii)</sup>	1.69	1.25	1.69	1.25

(i) Basic EPS is calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the current quarter and financial period under review.

(ii) The Company does not have any outstanding dilutive potential ordinary shares as at end of the current quarter and financial period under review.

### B12. Revenue

#### Disaggregation of revenue

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000
<b>Revenue from contracts with customers</b>				
Construction contract				
- over time	47,504	21,659	47,504	21,659
Sales of properties under development				
- over time	14,663	2,117	14,663	2,117
Sales of completed properties and land				
- at a point in time	3,980	22,214	3,980	22,214
	66,147	45,990	66,147	45,990
<b>Other revenue</b>				
Rental income	10,603	8,734	10,603	8,734
<b>Total revenue</b>	<b>76,750</b>	<b>54,724</b>	<b>76,750</b>	<b>54,724</b>

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B13. Profit before tax

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000
<b>Profit before tax is arrived at after charging/(crediting):</b>				
Depreciation	1,644	1,681	1,644	1,681
Expenses relating to short term leases of:				
- equipment	2,820	91	2,820	91
- premises	149	33	149	33
Rental income of premises	(489)	(404)	(489)	(404)
Gain on disposal of property, plant and equipment	(14)	(103)	(14)	(103)
Gain on foreign exchange:				
- realised	(18)	(14)	(18)	(14)
- unrealised	(1)	(1)	(1)	(1)
Impairment loss on trade receivables	--	130	--	130
Late payment interest income from purchasers	(4)	--	(4)	--