

**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.

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



**AME ELITE CONSORTIUM BERHAD**

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

**CIRCULAR TO SHAREHOLDERS IN RELATION TO**

- I. PROPOSED BONUS ISSUE 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 2 EXISTING AME SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE");**
- II. PROPOSED ISSUANCE OF UP TO 142,371,700 FREE WARRANTS IN AME ("WARRANTS") ON THE BASIS OF 1 WARRANT FOR EVERY 3 EXISTING AME SHARES HELD ON THE ENTITLEMENT DATE; AND**
- III. PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF AME (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE SCHEME**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*



**RHB Investment Bank Berhad**

(Registration No. 197401002639 (19663-P))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("EGM") of AME ("Company") will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting ("RPEV") facilities via online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC-D6A357657) on Thursday, 26 August 2021 at 11:30 a.m. or immediately following the conclusion of the Company's 3<sup>rd</sup> Annual General Meeting ("AGM") or at any adjournment thereof, scheduled to be held on the same day at 10:00 a.m., whichever is later. For further information, please refer to the Notice of EGM and Administrative Guide on EGM in order to register, participate, speak and vote remotely via the RPEV.

The Notice of the EGM and the Form of Proxy can be downloaded at the Company's website at <https://www.ame-elite.com> or Bursa Securities' website at <https://www.bursamalaysia.com>.

A member entitled to participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to participate, speak and vote on his/her behalf. In such event, please complete and return the Form of Proxy in accordance with the instructions therein as soon as possible and shall be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from participating, speaking and voting remotely at the EGM should you subsequently wish to do so. Alternatively, members may deposit the Form of Proxy by electronic means with the Company's Share Registrar through Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com> or email to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) not less than 48 hours before the EGM. For further information on the electronic submission of the Form of Proxy and participation at the EGM, kindly refer to the Administrative Guide which is enclosed together with this Circular.

Last date and time for registration for remote participation and voting at the virtual EGM and for lodgement of the Form of Proxy : Tuesday, 24 August 2021 at 11:30 a.m.

Date and time of the EGM : Thursday, 26 August 2021 at 11:30 a.m. or immediately following the conclusion of the Company's 3<sup>rd</sup> AGM or at any adjournment thereof, scheduled to be held on the same date at 10:00 a.m., whichever is later.

This Circular is dated 28 July 2021

---

## DEFINITIONS

---

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

"Act"	:	Companies Act, 2016
"AGM"	:	Annual General Meeting
"AME" or the "Company"	:	AME Elite Consortium Berhad
"AME Group" or the "Group"	:	Collectively, AME and its subsidiaries
"AME Shares" or the "Shares"	:	Ordinary shares in AME
"Board"	:	Board of Directors of AME
"Bonus Shares"	:	Up to 213,557,550 new AME Shares to be issued pursuant to the Proposed Bonus Issue of Shares
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"By-Laws"	:	The by-laws governing the Proposed ESOS, the draft of which is set out in Appendix II of this Circular
"Circular"	:	This circular dated 28 July 2021 in relation to the Proposals
"Date of Offer"	:	The date on which an offer is made by the ESOS Committee in writing to the Eligible Persons to participate in the Proposed ESOS
"Date of Expiry"	:	The date of expiry of the Proposed ESOS
"Deed Poll"	:	The Deed Poll constituting the Warrants to be executed by the Company
"Directors"	:	The directors of AME and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007
"Effective Date"	:	The date on which the Proposed ESOS is implemented in accordance with the By-Laws
"EGM"	:	Extraordinary General Meeting
"Eligible Persons"	:	Eligible executive Directors and employees of AME Group (excluding dormant subsidiaries, if any) who meet the criteria of eligibility for participation in the Proposed ESOS. For the avoidance of doubt, the Eligible Persons shall exclude the Non-Executive Directors of AME Group
"Entitled Shareholders"	:	The shareholders of AME who are registered as a member and whose names appear in the Record of Depositors of the Company on the Entitlement Date

---

**DEFINITIONS (CONT'D)**

---

"Entitlement Date"	:	The date as at the close of business at 5:00 p.m. to be determined by the Board and announced later by the Company at a later date, on which names of shareholders of AME must appear in the Record of Depositors of the Company in order to be entitled to the Bonus Shares and the Warrants
"EPS"	:	Earnings per Share
"ESOS" or "Scheme"	:	Employees' share option scheme
"ESOS Committee"	:	The committee appointed and authorised from time to time by the Board, responsible for implementing and administering the Proposed ESOS
"ESOS Options"	:	Options to be granted pursuant to the Proposed ESOS, comprising the right of an Eligible Person to subscribe for new Shares at the subscription price
"FPE"	:	Financial period ended
"FYE"	:	Financial year ended/ending, as the case may be
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	1 July 2021, being the latest practicable date prior to the date of this Circular
"Market Day"	:	A day on which the stock market of Bursa Securities is open for trading in securities
"MFRS 2"	:	Malaysian Financial Reporting Standard 2
"NA"	:	Net assets
"Official List"	:	A list specifying all securities listed on Bursa Securities
"Proposals"	:	Collectively, the Proposed Bonus Issue of Shares, the Proposed Free Warrants Issue and the Proposed ESOS
"Proposed Bonus Issue of Shares"	:	Proposed bonus issue of up to 213,557,550 Bonus Shares on the basis of 1 Bonus Share for every 2 existing AME Shares held on the Entitlement Date
"Proposed ESOS"	:	Proposed establishment of an ESOS of up to 10% of the total number of issued shares of AME (excluding treasury shares, if any) at any point in time during the duration of the ESOS
"Proposed Free Warrants Issue"	:	Proposed issuance of up to 142,371,700 free Warrants on the basis of 1 Warrant for every 3 existing AME Shares held on the Entitlement Date
"Record of Depositors"	:	A record of securities holders established and maintained by Bursa Depository under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
"RHBIB" or the "Principal Adviser"	:	RHB Investment Bank Berhad

---

**DEFINITIONS (CONT'D)**

---

"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"TEBP"	:	Theoretical ex-bonus price
"VWAP"	:	Volume weighted average share price
"Warrants"	:	Up to 142,371,700 new warrants in AME to be issued pursuant to the Proposed Free Warrants Issue

References to "our Company" in this Circular are to AME and references to "our Group" are to our Company and our subsidiaries. References to "we", "us", "our" and "ourselves" in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to "you" in this Circular are to our shareholders.

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

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

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

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

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

---

**TABLE OF CONTENTS**

---

	<b>PAGE</b>
<b>EXECUTIVE SUMMARY</b>	v
<b>LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSALS CONTAINING:</b>	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSALS	2
3. RATIONALE FOR THE PROPOSALS	12
4. INDUSTRY OVERVIEW AND OUTLOOK AND PROSPECTS OF AME GROUP	13
5. EFFECTS OF THE PROPOSALS	19
6. HISTORICAL SHARE PRICES	25
7. APPROVALS REQUIRED/OBTAINED FOR THE PROPOSALS	25
8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED	26
9. ESTIMATED TIME FRAME FOR COMPLETION	29
10. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION	29
11. DIRECTORS' STATEMENT AND RECOMMENDATION	29
12. EGM	29
13. ADDITIONAL INFORMATION	30
<b>APPENDICES</b>	
I. INDICATIVE SALIENT TERMS OF THE WARRANTS	31
II. BY-LAWS OF THE PROPOSED ESOS	34
III. ADDITIONAL INFORMATION	60
<b>NOTICE OF EGM</b>	<b>ENCLOSED</b>
<b>FORM OF PROXY</b>	<b>ENCLOSED</b>

---

## EXECUTIVE SUMMARY

---

*This Executive Summary highlights only the salient information of the Proposals in this Circular. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the forthcoming EGM.*

<b>Salient information</b>	<b>Description</b>	<b>Reference to Circular</b>
Summary of the Proposals	<p>AME proposes to undertake the following:</p> <ol style="list-style-type: none"><li>i. an issuance of up to 213,557,550 Bonus Shares on the basis of 1 Bonus Share for every 2 existing AME Shares held on the Entitlement Date;</li><li>ii. an issuance of up to 142,371,700 free Warrants on the basis of 1 Warrant for every 3 existing AME Shares held on the Entitlement Date; and</li><li>iii. establishment of an ESOS of up to 10% of the total number of issued shares of AME (excluding treasury shares, if any) at any point in time during the duration of the ESOS.</li></ol> <p>The Proposed Bonus Issue of Shares and the Proposed Free Warrants Issue will be implemented concurrently based on the same Entitlement Date.</p>	Section 2 of this Circular
Rationale for the Proposals	<ul style="list-style-type: none"><li>• <u>Proposed Bonus Issue of Shares</u><p>The Proposed Bonus Issue of Shares is intended to:</p><ol style="list-style-type: none"><li>i. reward the shareholders of the Company for their continuous support by increasing their equity participation in the Company in terms of the number of Shares held and maintaining their percentage equity shareholding without incurring any cost; and</li><li>ii. encourage the trading liquidity of the Shares on the Main Market of Bursa Securities at a lower adjusted trading price and increased number of Shares in issue without affecting the size of the market capitalisation of the Company.</li></ol></li><li>• <u>Proposed Free Warrants Issue</u><p>The Proposed Free Warrants Issue is intended to:</p><ol style="list-style-type: none"><li>i. reward the shareholders of the Company for their continuous support by enabling them to own the Warrants which are tradable on Bursa Securities without incurring any cost;</li><li>ii. provide the shareholders of the Company with an opportunity to increase their equity participation in the Company through the exercise of the Warrants at a pre-determined price during the tenure of the Warrants; and</li></ol></li></ul>	Section 3 of this Circular

---

**EXECUTIVE SUMMARY (CONT'D)**

---

<b>Salient information</b>	<b>Description</b>	<b>Reference to Circular</b>
	<ul style="list-style-type: none"><li>iii. strengthen the capital base of the Company as well as enable the Group to raise additional funds to fund its working capital requirements, as and when the Warrants are exercised, without incurring additional interest expense as compared to bank borrowings.</li></ul> <ul style="list-style-type: none"><li>• <u>Proposed ESOS</u><p>The implementation of the Proposed ESOS primarily serves to align the interests of the Eligible Persons to the corporate goals of AME Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in AME and help achieve the positive objectives as set out below:</p><ul style="list-style-type: none"><li>i. to recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;</li><li>ii. to motivate the Eligible Persons towards improved performance through greater productivity and loyalty;</li><li>iii. to inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of AME; and</li><li>iv. to reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of AME Shares, upon exercising of the ESOS Options.</li></ul></li></ul>	
Approvals required/obtained for the Proposals	<ul style="list-style-type: none"><li>• The Proposals are subject to the following approvals being obtained:<ul style="list-style-type: none"><li>i. Bursa Securities, had, vide its letter dated 13 July 2021 approved the following:<ul style="list-style-type: none"><li>(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;</li><li>(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;</li></ul></li></ul></li></ul>	Section 7 of this Circular

---

**EXECUTIVE SUMMARY (CONT'D)**

---

<b>Salient information</b>	<b>Description</b>	<b>Reference to Circular</b>
	<p>(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</p> <p>(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 ESOS on the Main Market of Bursa Securities,</p> <p>subject to the conditions as set out in Section 7 of this Circular;</p> <p>ii. the shareholders of AME, for the Proposals at the forthcoming EGM by way of poll; and</p> <p>iii. any other relevant authorities and/or parties, if required.</p> <ul style="list-style-type: none"><li>• The Proposed Bonus Issue of Shares, the Proposed Free Warrants Issue and the Proposed ESOS are not conditional upon each other. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.</li></ul>	
Interests of Directors, major shareholders, chief executive and/or persons connected	<ul style="list-style-type: none"><li>• <u>Proposed Bonus Issue of Shares and Proposed Free Warrants Issue</u> None of the Directors, major shareholders and/or chief executive of AME and/or persons connected with them has any interest, whether direct or indirect, in the Proposed Bonus Issue of Shares and the Proposed Free Warrants Issue, save for their respective entitlements under the Proposed Bonus Issue of Shares and the Proposed Free Warrants Issue which are available to all Entitled Shareholders on a pro-rata basis.</li></ul>	Section 8 of this Circular

---

## EXECUTIVE SUMMARY (CONT'D)

---

- Proposed ESOS

All the executive Directors of AME ("**Interested Directors**") are eligible to participate in the Proposed ESOS, and are therefore deemed interested to the extent of their respective proposed allocation and proposed allocation to persons connected to them, if any, under the Proposed ESOS.

Therefore, all the Interested Directors have abstained and will continue to abstain from all Board deliberations and voting at the Board meetings in respect of their respective proposed allocation and proposed allocation to persons connected to them, if any.

The Interested Directors and/or major shareholders who are also Eligible Persons will abstain from voting in respect of their direct and/or indirect shareholdings, if any, at the forthcoming EGM in respect of the ordinary resolutions to be tabled for their respective proposed allocation and proposed allocation to persons connected to them, if any. They will also undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings, if any, on the ordinary resolutions pertaining their respective proposed allocation and proposed allocation to persons connected to them, if any.

Directors' statement and recommendation

- The Board, having considered all aspects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.
- Accordingly, the Board recommends that you **VOTE IN FAVOUR** of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.
- Further, the Board (save for the Interested Directors), recommends that you **VOTE IN FAVOUR** of the resolutions pertaining to the proposed allocation to the Interested Directors and proposed allocation to persons connected to them, if any, under the Proposed ESOS.

Section 11 of this Circular



**AME ELITE CONSORTIUM BERHAD**  
(Registration No. 201801030789 (1292815-W))  
(Incorporated in Malaysia)

**Registered Office**

Suite 9D, Level 9  
Menara Ansar  
65, Jalan Trus  
80000 Johor Bahru  
Johor Darul Takzim

28 July 2021

**Board of Directors**

YM Tengku Azrina Binti Raja Abdul Aziz (*Independent Non-Executive Chairperson*)

Lee Chai (*Group Managing Director*)

Lim Yook Kim (*Executive Director*)

Kang Ah Chee (*Executive Director*)

Lee Sai Boon (*Executive Director*)

Tan Lay Beng (*Independent Non-Executive Director*)

Chang Tian Kwang (*Independent Non-Executive Director*)

Wee Soon Chit (*Independent Non-Executive Director*)

Lee Ling Sien (*Alternate Director to Lee Chai*)

Lim Pei Shi (*Alternate Director to Lim Yook Kim*)

Kang Koh Wei (*Alternate Director to Kang Ah Chee*)

**To: Our shareholders**

Dear Sir/Madam,

- I. PROPOSED BONUS ISSUE OF SHARES;**
- II. PROPOSED FREE WARRANTS ISSUE; AND**
- III. PROPOSED ESOS**

---

**1. INTRODUCTION**

On 27 May 2021, RHBIB had, on behalf of the Board, announced that the Company proposes to undertake the following:

- i. an issuance of up to 213,557,550 Bonus Shares on the basis of 1 Bonus Share for every 2 existing AME Shares held on the Entitlement Date;
- ii. an issuance of up to 142,371,700 free Warrants on the basis of 1 Warrant for every 3 existing AME Shares held on the Entitlement Date; and
- iii. establishment of an ESOS of up to 10% of the total number of issued shares of AME (excluding treasury shares, if any) at any point in time during the duration of the ESOS.

On 14 July 2021, RHBIB had, on behalf of the Board, announced that Bursa Securities had vide its letter 13 July 2021, approved 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 ESOS on the Main Market of Bursa Securities.

subject to the conditions as set out in Section 7 of this Circular.

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

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

## **2. DETAILS OF THE PROPOSALS**

### **2.1 Proposed Bonus Issue of Shares**

#### **2.1.1 Basis and number of Bonus Shares to be issued**

The Proposed Bonus Issue of Shares will entail the issuance of up to 213,557,550 Bonus Shares on the basis of 1 Bonus Share for every 2 existing AME Shares held by the Entitled Shareholders on the Entitlement Date.

As at the LPD, the Company has an issued share capital of RM620,139,959 comprising 427,115,101 AME Shares. The total number of issued shares of the Company will increase from 427,115,101 AME Shares to up to 640,672,651 AME Shares based on up to 213,557,550 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares.

The Entitlement Date will be determined by the Board and announced by the Company at a later date upon receipt of all relevant approvals for the Proposed Bonus Issue of Shares.

Fractional entitlements of the Bonus Shares arising from the Proposed Bonus Issue of Shares, if any, will be disregarded and dealt with in such manner as the Board in its absolute discretion deems fit, expedient and in the best interest of the Company.

The entitlement basis for the Proposed Bonus Issue of Shares was determined after taking into consideration the following:

- i. dilutive effects arising from the issuance of the Bonus Shares on the consolidated EPS and NA per Share of the Company; and
- ii. compliance with Paragraph 6.30(1A) of the Listing Requirements which states that the Company must ensure that its share price adjusted for the Proposed Bonus Issue of Shares is not less than RM0.50 based on the daily VWAP during the 3-month period before the application date.

AME's share price will be adjusted pursuant to the Proposed Bonus Issue of Shares. For illustration purposes, based on the 5-day VWAP of AME Shares up to and including the LPD as well as the lowest daily VWAP of AME Shares during the 3-month period before 2 July 2021, being the date of submission of the listing application to Bursa Securities for the Proposed Bonus Issue of Shares, the TEBP of AME Shares after the Proposed Bonus Issue of Shares is set out below:

	<b>VWAP before the Proposed Bonus Issue of Shares RM</b>	<b>TEBP after the Proposed Bonus Issue of Shares RM</b>
5-day VWAP up to and including the LPD	2.58	1.72
Lowest daily VWAP during the 3-month period before 2 July 2021	2.13	1.42

Based on the above, the Proposed Bonus Issue of Shares is in compliance with Paragraph 6.30(1A) of the Listing Requirements as the share price adjusted for the Proposed Bonus Issue of Shares is not less than RM0.50 based on the lowest daily VWAP of AME Shares during the past 3-month period before 2 July 2021, being the date of submission of the listing application to Bursa Securities for the Proposed Bonus Issue of Shares.

The Proposed Bonus Issue of Shares will be implemented in a single issuance. For the avoidance of doubt, the Proposed Bonus Issue of Shares will be implemented concurrently with the Proposed Free Warrants Issue based on the same Entitlement Date.

### **2.1.2 No capitalisation of reserves**

The Bonus Shares will be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves. For the avoidance of doubt, the Proposed Bonus Issue of Shares will increase the number of AME Shares in issue but will not increase the value of the share capital of the Company.

### **2.1.3 Ranking of the Bonus Shares**

The Bonus Shares shall, upon issuance and allotment, rank equally in all respects with the then existing AME Shares, save and except that they will not be entitled to any dividend, right, allotment and/or any other distribution that may be declared, made or paid prior to the date of issuance and allotment of the Bonus Shares.

#### **2.1.4 Listing and quotation of the Bonus Shares**

Bursa Securities had, vide its letter dated 13 July 2021, approved the listing and quotation of up to 213,557,550 Bonus Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 7 of this Circular.

The Bonus Shares will be listed and quoted on the Main Market of Bursa Securities on the next Market Day after the Entitlement Date.

### **2.2 Proposed Free Warrants Issue**

#### **2.2.1 Basis and number of Warrants to be issued**

The Proposed Free Warrants Issue will entail the issuance of up to 142,371,700 free Warrants on the basis of 1 Warrant for every 3 existing AME Shares held by the Entitled Shareholders on the Entitlement Date.

As at the LPD, the Company has an issued share capital of RM620,139,959 comprising 427,115,101 AME Shares. Assuming the full exercise of 142,371,700 Warrants, a total of 142,371,700 new AME Shares will be issued therefrom.

The Entitlement Date will be determined by the Board and announced by the Company at a later date upon receipt of all relevant approvals for the Proposed Free Warrants Issue.

Fractional entitlements of the Warrants arising from the Proposed Free Warrants Issue, if any, will be disregarded and dealt with in such manner as the Board in its absolute discretion deems fit, expedient and in the best interest of the Company.

The entitlement basis for the Proposed Free Warrants Issue was determined after taking into consideration the following:

- i. amount of proceeds which the Company would potentially raise as and when the Warrants are exercised during the exercise period of the Warrants;
- ii. dilutive effects arising from the full exercise of the Warrants on the consolidated EPS and NA per Share of the Company; and
- iii. compliance with Paragraph 6.50 of the Listing Requirements which states that the number of new AME Shares which will arise from the exercise or conversion of all outstanding convertible equity securities (i.e. warrants and convertible preference shares) does not exceed 50% of the total number of issued shares of the Company (excluding treasury shares, if any, and before the exercise of the convertible equity securities) at all times. For information purposes, the total number of Warrants to be issued represents approximately 33% of the existing issued share capital as at the LPD and approximately 22% of the enlarged total number of issued shares of the Company after the Proposed Bonus Issue of Shares.

The Proposed Free Warrants Issue will be implemented in a single issuance. The Warrants which will be issued in registered form and constituted by a Deed Poll to be executed by the Company will have a tenure of 5 years. The indicative salient terms of the Warrants are set out in Appendix I of this Circular. For the avoidance of doubt, the Proposed Free Warrants Issue will be implemented concurrently with the Proposed Bonus Issue of Shares based on the same Entitlement Date. Accordingly, the Bonus Shares arising from the Proposed Bonus Issue of Shares will not be entitled to the Warrants arising from the Proposed Free Warrants Issue and vice versa.

### **2.2.2 Basis and justification for the exercise price of the Warrants**

The Warrants will be issued at no cost to the Entitled Shareholders.

The exercise price of the Warrants will be determined by the Board and announced by the Company at a later date upon receipt of all relevant approvals for the Proposed Free Warrants Issue but before the announcement of the Entitlement Date after taking into consideration a premium ranging from 10% to not more than 30% to the TEBP calculated based on the 5-day VWAP of AME Shares immediately preceding the price-fixing date for the Proposed Free Warrants Issue.

For information purposes, the premium ranging from 10% to not more than 30% to the TEBP calculated based on the 5-day VWAP of AME Shares immediately preceding the price-fixing date for the Proposed Free Warrants Issue was determined after taking into consideration, amongst others, the following:

- i. the Warrants will be issued at no cost to the Entitled Shareholders;
- ii. the historical trading prices of AME Shares;
- iii. the prevailing market conditions; and
- iv. the future working capital requirements of AME Group.

For illustrative purposes, the indicative exercise price of the Warrants is assumed to be at RM2.00 per Warrant, which represents a premium of approximately 16.28% to the TEBP of RM1.72 calculated based on the 5-day VWAP of AME Shares up to and including the LPD of RM2.58. For the avoidance of doubt, AME's share price will be adjusted pursuant to the Proposed Bonus Issue of Shares. Please refer to Section 2.1.1 of this Circular for further details on the illustration on the TEBP of RM1.72 after the Proposed Bonus Issue of Shares calculated based on the 5-day VWAP of AME Shares up to and including the LPD of RM2.58.

### **2.2.3 Ranking of the Warrants and the new AME Shares to be issued arising from the exercise of the Warrants**

The Warrant holders will not be entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such Warrant holders exercise their Warrants into new AME Shares.

The new AME Shares to be issued arising from the exercise of the Warrants shall, upon issuance and allotment, rank equally in all respects with the then existing AME Shares, save and except that they will not be entitled to any dividend, right, allotment and/or any other distribution that may be declared, made or paid prior to the date of issuance and allotment of such new AME Shares to be issued arising from the exercise of the Warrants.

#### **2.2.4 Listing and quotation of the Warrants and the new AME Shares to be issued arising from the exercise of the Warrants**

Bursa Securities had, vide its letter dated 13 July 2021, approved the admission of the Warrants to the Official List of Bursa Securities as well as for the listing and quotation of up to 142,371,700 Warrants and up to 142,371,700 new AME Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.

The Warrants will be listed and quoted on the Main Market of Bursa Securities 2 Market Days after the submission of the quotation application to Bursa Securities.

#### **2.2.5 Utilisation of proceeds**

The Proposed Free Warrants Issue will not raise any immediate funds to the Company as the Warrants will be issued at no cost to the Entitled Shareholders.

The actual gross proceeds that may be raised by the Company will depend on the exercise price of the Warrants and the number of Warrants exercised during the exercise period of the Warrants. As such, the exact time frame and manner in which the said proceeds will be utilised cannot be determined at this juncture.

Based on the indicative exercise price of RM2.00 per Warrant and in the event the Warrants are fully exercised, the Company is expected to raise gross proceeds of up to approximately RM284.74 million. The gross proceeds are expected to be utilised for the working capital requirements of the Group, which may include the following:

- i. defraying marketing and administrative expenses; and
- ii. payment of trade and other payables which may include payment for site preparation and infrastructure works, building works, interior design and landscaping, professional and consultant fees, and local authorities fees.

The proceeds to be utilised for each component of working capital requirements are subject to the operating and funding requirements of the Group at the point of utilisation and therefore cannot be determined at this juncture.

#### **2.2.6 Equity fundraising exercises in the past 12 months**

Save as disclosed below, the Company has not undertaken any equity fundraising exercises in the past 12 months before the announcement of the Proposals:

- i. The Company had on 1 December 2020 announced that AME had appointed a principal adviser and bookrunner for a proposed establishment and listing of an industrial real estate investment trust ("**AME REIT**") on the Main Market of 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 AME ("**Subject Properties**").

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

- (a) proposed disposals by the subsidiaries of AME 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 Listing Requirements; and
- (c) proposed admission of AME REIT to the Official List of Bursa Securities and the listing and quotation of the Units on the Main Market of Bursa Securities.

Apart from the above, AME 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 AME.

The details of the Proposed REIT Establishment and Listing will be announced by the Company when all the terms and conditions have been finalised.

## **2.3 Proposed ESOS**

The Proposed ESOS entails the granting of ESOS Options to Eligible Persons to subscribe for new AME Shares at a pre-determined exercise price during the duration of the Scheme in the manner set out in the By-Laws. For avoidance of doubt, non-executive Directors of the Company are not eligible to participate in the Proposed ESOS.

The Proposed ESOS will be administered by an ESOS Committee to be duly appointed and authorised by the Board. The ESOS Committee will comprise Directors and/or other persons identified and appointed from time to time by the Board. At this juncture, the composition of the ESOS Committee has yet to be decided by the Board. The ESOS Committee will have the absolute discretion in administering the ESOS as it may deem fit, in accordance with the provisions set out in the By-Laws. The decision as to whether or not to stagger the allocation of the ESOS Options over the duration of the ESOS as well as for the granting of ESOS Options, shall be determined by the ESOS Committee at a later date.

The salient features of the Proposed ESOS are set out below:

### **2.3.1 Maximum number of new Shares available under the Proposed ESOS**

The maximum number of new AME Shares, which may be allotted and issued pursuant to the Proposed ESOS shall not exceed in aggregate 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the ESOS.

### 2.3.2 Basis of allotment and maximum allowable allotment

The maximum number of new AME Shares that may be offered to an Eligible Person under the ESOS shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other relevant factors, the Eligible Person's performance, seniority, number of years in service and such other factors that the ESOS Committee may deem relevant in its discretion and shall be subject to the following:

- i. that the total number of new AME Shares to be issued under the Proposed ESOS shall not exceed the amount stipulated in Section 2.3.1 of this Circular;
- ii. the allocation to any individual Eligible Person, who either individually or collectively, through persons connected with him/her, holds 20% or more of the total number of issued shares of AME, must not exceed 10% of the total number of new AME Shares (excluding treasury shares, if any) to be issued under the ESOS;
- iii. the executive Directors and senior management of AME Group (excluding dormant subsidiaries, if any) do not participate in the deliberation or discussion of their own allocation of ESOS Options as well as allocation to persons connected with them, if any; and
- iv. not more than 50% of the total number of new AME Shares to be issued under the ESOS shall be allocated, in aggregate, to the executive Directors and senior management of the Group (excluding dormant subsidiaries, if any) who are Eligible Persons ("**Maximum Allocation**"). The Maximum Allocation was determined after taking into consideration the number of Eligible Persons falling within the grading of directors and senior management of the Group, as well as their position, seniority, length of service, performance and contribution to the Group,

provided always that it is in accordance with any prevailing requirements issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

In the event that any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of their own allocation of the ESOS Options or persons connected with them.

The ESOS Committee has the discretion to determine whether the ESOS Options are subject to any vesting period and if so, the vesting conditions and whether such vesting conditions are subject to performance target. Further, the ESOS Committee has the discretion to determine whether the Eligible Person is required to achieve any specific performance target(s), if determined so, before he/she may exercise the ESOS Options granted to him/her, and that any such performance target(s) if set, shall be stated in the offer letter to the Eligible Person.

### 2.3.3 Eligibility

Subject to the discretion of the ESOS Committee, only Eligible Persons who meet the following conditions as at the Date of Offer shall be eligible to participate in the Proposed ESOS:

- i. the Eligible Person shall have attained the age of 18 years on the Date of Offer and is neither an undischarged bankrupt nor subject to any bankruptcy proceedings;

- ii. the Eligible Person is employed on a full time basis (inclusive of employees with a fixed term contract) and is on the payroll of a company within the Group (excluding dormant companies, if any) and his/her employment has been confirmed or such employee is serving in a specific designation under an employment contract for a fixed duration of not less than 1 year;
- iii. the Eligible Person who is an executive Director has been appointed as an executive Director of AME or any company in the Group, which is not dormant; and
- iv. the Eligible Person has fulfilled any other eligibility criteria and/or falls within such grade/category set by the Group (excluding dormant companies, if any) as may be determined by the ESOS Committee at its sole discretion from time to time,

provided that nothing herein shall invalidate any selection of any Eligible Person which may have been made by the Board on or prior to the Effective Date.

An executive Director, major shareholder or chief executive officer of the Company or holding company of the Company ("**Interested Parties**") or a person connected with any of the Interested Parties who is an Eligible Person is eligible to participate in the Proposed ESOS. The specific allocation of ESOS Options granted by the Company to such Interested Party and/or persons connected with them under the Proposed ESOS must be approved by the shareholders of the Company at a general meeting.

The ESOS Committee may, in its absolute discretion, determine any other conditions of eligibility or waive any of the conditions of eligibility as set out above. The eligibility and number of ESOS Options to be offered to an Eligible Person under the Proposed ESOS shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

#### **2.3.4 Duration**

The Proposed ESOS, when implemented, shall be in force for a period of 5 years from the Effective Date subject however to any extension of the ESOS as provided under the By-Laws.

On or before the expiry of the above initial 5-year period, the ESOS may be extended by the Board at its absolute discretion upon the recommendation of the ESOS Committee, without having to obtain approval from the Company's shareholders, for an additional period of up to 5 years, but will not in aggregate exceed 10 years from the Effective Date. The Company shall make the necessary announcement to Bursa Securities should there be any extension of the tenure of the ESOS on or before the expiry of the initial 5-year period.

#### **2.3.5 Basis of determining the exercise price of the ESOS Options**

Subject to any adjustments made under the By-Laws and pursuant to the Listing Requirements, the exercise price shall be based on the 5-day VWAP of AME Shares immediately preceding the Date of Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by any prevailing guideline issued by Bursa Securities as determined by the Board upon recommendation of the ESOS Committee which shall be binding and conclusive.

### **2.3.6 Ranking of the ESOS Options and new AME Shares to be issued arising from the exercise of the ESOS Options**

The ESOS Options shall not carry any right to vote at any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such ESOS Options are exercised into new AME Shares.

The new AME Shares to be issued arising from the exercise of the ESOS Options shall, upon issuance and allotment, rank equally in all respects with the then existing AME Shares, save and except that they will not be entitled to any dividend, right, allotment and/or any other distribution that may be declared, made or paid prior to the date of issuance and allotment of such new AME Shares to be issued arising from the exercise of the ESOS Options.

### **2.3.7 Alteration of share capital**

Subject to the By-Laws, in the event of any alteration in the capital structure of the Company during the period commencing from the Date of Offer until the Date of Expiry of the ESOS, whether by way of capitalisation issue, rights issue, bonus issue, consolidation or subdivision of shares, capital reduction or any other variation of capital, the Company shall cause such adjustment to be made to:

- i. the exercise price of the ESOS Options; and/or
- ii. the number of new AME Shares comprised in the ESOS Options granted to each Eligible Person (excluding the ESOS Options already exercised),

to ensure that the capital outlay to be incurred by the Eligible Persons who have accepted the offer of the ESOS Options to subscribe for the same proportion of new AME Shares to which they were entitled to prior to the event giving rise to such adjustments (i.e. not taking into account the ESOS Options already exercised) shall remain unaffected.

### **2.3.8 Modification, variation and/or amendment**

Subject to the By-Laws and compliance with the Listing Requirements, the ESOS Committee may at any time and from time to time recommend to the Board any modifications and/or amendments to or deletions of the By-Laws as it shall, at its discretion, deems fit and the Board shall have the power at any time and from time to time by resolution to add, amend, modify and/or delete all or any of the terms in the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities each time an amendment, variation and/or modification is made, stating that the amendment and/or modification is in compliance with the provisions of the Listing Requirements and the rules of Bursa Depository.

### 2.3.9 Termination

Subject to the compliance with the Listing Requirements, other requirements of Bursa Securities, the ESOS may be terminated by the ESOS Committee at any time before the Date of Expiry provided that the Company makes an announcement immediately to Bursa Securities. The announcement shall include:

- i. the effective date of termination of the ESOS;
- ii. the number of ESOS Options exercised; and
- iii. the reasons for termination of the ESOS.

Notwithstanding anything to the contrary, all unexercised ESOS Options shall automatically lapse on the Date of Expiry.

### 2.3.10 Proposed specific allocation

Pursuant to Paragraph 6.06(1) of the Listing Requirements which states that the Company must not issue any shares to its executive Directors, major shareholders or chief executive or a person connected with them unless its shareholders in a general meeting have approved the specific allotment to be made to them. Accordingly, the Company will seek its shareholders' approval at the forthcoming EGM for the proposed allocation of the ESOS Options to the following persons:

	<b>Name</b>	<b>Designation</b>
(i)	Lee Chai	Group Managing Director
(ii)	Lim Yook Kim	Executive Director
(iii)	Kang Ah Chee	Executive Director
(iv)	Lee Sai Boon	Executive Director
(v)	Lee Ling Sien <sup>(a)</sup>	Marketing Manager
(vi)	Lim Pei Shi <sup>(b)</sup>	Head of Property Development Division
(vii)	Kang Koh Wei <sup>(c)</sup>	Head of Construction Division
(viii)	Lim Khai Wen <sup>(d)</sup>	Head of Engineering Division
(ix)	Lee Chun Kiat <sup>(e)</sup>	Corporate Planning Executive

**Notes:**

- (a) *Lee Ling Sien is the daughter to Lee Chai, sister to Lee Chun Kiat, cousin to Lim Pei Shi and Lim Khai Wen, and niece to Lim Yook Kim and Lee Sai Boon. She is the Marketing Manager in the Property Development Division.*
- (b) *Lim Pei Shi is the daughter to Lim Yook Kim, sister to Lim Khai Wen, cousin to Lee Ling Sien and Lee Chun Kiat, and niece to Lee Chai and Lee Sai Boon. She is Head of the Property Development Division.*
- (c) *Kang Koh Wei is the son to Kang Ah Chee. He is the Head of the Construction Division.*
- (d) *Lim Khai Wen is the son of Lim Yook Kim, brother to Lim Pei Shi, cousin to Lee Ling Sien and Lee Chun Kiat, and nephew to Lee Chai and Lee Sai Boon. He is the Head of the Engineering Division.*
- (e) *Lee Chun Kiat is the son to Lee Chai, brother to Lee Ling Sien, cousin to Lim Pei Shi and Lim Khai Wen, and nephew to Lim Yook Kim and Lee Sai Boon. He is the Corporate Planning Executive.*

### **2.3.11 Listing and quotation for the new AME Shares to be issued arising from the exercise of the ESOS Options**

Bursa Securities had, vide its letter dated 13 July 2021, approved the listing and quotation for the new AME Shares, representing up to 10% of the issued shares of the Company (excluding treasury shares, if any) to be issued pursuant to the exercise of the ESOS Options on the Main Market of Bursa Securities.

### **2.3.12 Utilisation of proceeds**

The actual amount of proceeds to be raised from the Proposed ESOS will depend on the number of ESOS Options granted and exercised at the relevant point of time and the subscription price payable upon the exercise of the ESOS Options.

The proceeds arising from the exercise of the ESOS Options as and when received within the duration of the ESOS are expected to be utilised for the working capital requirements of AME Group as set out in Section 2.2.5 of this Circular. As such, the exact timeframe for utilisation of the proceeds is not determinable at this juncture. In addition, the proceeds to be utilised for each component of working capital requirements are subject to the operating and funding requirements of the Group at the point of utilisation and therefore cannot be determined at this juncture.

## **3. RATIONALE FOR THE PROPOSALS**

### **3.1 Proposed Bonus Issue of Shares and Proposed Free Warrants Issue**

After taking into consideration the various options available to reward the shareholders of the Company, the Board is of the view that the Proposed Bonus Issue of Shares and the Proposed Free Warrants Issue are the most appropriate avenue to reward its shareholders for their continuous support as well as the rationale as set out below:

The Proposed Bonus Issue of Shares is intended to:

- i. reward the shareholders of the Company for their continuous support by increasing their equity participation in the Company in terms of the number of Shares held and maintaining their percentage equity shareholding without incurring any cost; and
- ii. encourage the trading liquidity of the Shares on the Main Market of Bursa Securities at a lower adjusted trading price and increased number of Shares in issue without affecting the size of the market capitalisation of the Company.

The Proposed Free Warrants Issue is intended to:

- i. reward the shareholders of the Company for their continuous support by enabling them to own the Warrants which are tradable on Bursa Securities without incurring any cost;
- ii. provide the shareholders of the Company with an opportunity to increase their equity participation in the Company through the exercise of the Warrants at a pre-determined price during the tenure of the Warrants; and
- iii. strengthen the capital base of the Company as well as enable the Group to raise additional funds to fund its working capital requirements, as and when the Warrants are exercised, without incurring additional interest expense as compared to bank borrowings.

### **3.2 Proposed ESOS**

The implementation of the Proposed ESOS primarily serves to align the interests of the Eligible Persons to the corporate goals of AME Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in AME and help achieve the positive objectives as set out below:

- i. to recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
- ii. to motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- iii. to inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of AME; and
- iv. to reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of AME Shares, upon exercising of the ESOS Options.

## **4. INDUSTRY OVERVIEW AND OUTLOOK AND PROSPECTS OF AME GROUP**

### **4.1 Overview and outlook of the Malaysian economy**

The Malaysian economy registered a smaller decline of 0.5% in the first quarter of 2021 ("1Q 2021"). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance, particularly for electrical and electronics ("E&E") products. Growth was also supported by the continued policy measures. The imposition of the Second Movement Control Order ("MCO 2.0") and the continued closure of international borders and restrictions on inter-state travel, however, weighed on economic activity. Nevertheless, as restrictions were eased in February 2021 and March 2021, economic activity gradually picked up. All economic sectors registered an improvement, particularly in the manufacturing sector. On the expenditure side, growth was driven by better private sector spending and strong growth in trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a growth of 2.7% in the 1Q 2021.

The manufacturing sector expanded at a higher pace of 6.6% in 1Q 2021, driven by the robust E&E production and continued recovery in the consumer-related, primary-related and construction-related clusters. The strong performance of the E&E subsectors reflected the higher global demand for semiconductors components, as reflected by the improvement in the World Semiconductor Trade Statistics. Despite the imposition of MCO 2.0, the consumer-related and primary-related manufacturing also recorded higher growth, as most manufacturing sectors were allowed to operate while adhering to stringent standard operating procedures. Global concerns surrounding electronic-chip shortages on the automotive sector had only a limited impact on the strong domestic passenger car production due to the lower chip intensity of most mass market vehicles. In addition, the extension of Sales and Services Tax exemption for the purchase of motor vehicles until June 2021 also helped Malaysia's motor vehicle production.

The services sector recorded a smaller decline of 2.3% in the 1Q 2021. This was due to the improvement in the consumer-related activities, supported by the relaxation of containment measures such as dine-ins and inter-district travel beginning from middle of February 2021. Nevertheless, the weakness in tourism activity continues to affect key subsectors such as accommodation as well as air travel under the transport and storage subsector. Meanwhile, growth in the finance and insurance subsector improved, attributed to higher fee income, stable loan and deposit growth, and higher net insurance premiums. The information and communication subsector continued to benefit from demand for data communication services following the adoption of remote working and learning arrangements.

The agriculture sector registered a positive growth of 0.4% in the 1Q 2021, driven mainly by expansion in livestock, other agriculture, forestry and logging subsectors. Growth in the oil palm subsector declined further as production was affected by floods in the earlier part of the quarter, while labour shortages continued to affect harvesting activities.

The construction sector contracted by a smaller rate of 10.4% in the 1Q 2021. Activity was supported by the ramp up of construction works in commercial projects that are nearing completion and the continued implementation of small-scale projects. This resulted in a strong positive growth in the special trade subsector. However, activity in the residential, non-residential and civil engineering subsectors remained weak, affected by labour shortages and site shutdowns due to COVID-19 outbreaks. The implementation of MCO 2.0 also weighed on growth, as activity in construction sites that did not meet the conditions to operate were halted.

Domestic demand recorded a smaller decline of 1.0% in the 1Q 2021, weighed down by the contraction in private sector expenditure amid the imposition of MCO 2.0. However, the impact of MCO 2.0 was smaller given that most economic sectors were allowed to operate and with continued policy support for households and businesses. On the external front, robust external demand particularly for E&E products, contributed to a continued expansion in net exports.

Private consumption contracted by 1.5% during the quarter. Although household spending was affected by the imposition of MCO 2.0, the impact was smaller compared to the MCO last year amid relatively less restrictive containment measures. While wage and employment growth remain in contraction, the overall growth improved, as most businesses continued to operate, which lent support to household spending. Spending on online platforms also continued to increase, cushioning the impact of the drop of in-store spending, as reflected in the expansion of the index of online retail sales. Furthermore, consumer expenditure remained supported by various stimulus measures including the Employees Provident Fund i-Sinar withdrawals, wage subsidies as well as the Targeted Repayment Assistance.

Public consumption improved to 5.9% in the 1Q 2021 amid a rebound in supplies and services spending, particularly by the Government. Growth was also supported by faster expansion in emoluments.

*(Source: Economic and Financial Developments in the Malaysian Economy in 1Q 2021, Bank Negara Malaysia)*

Amid a highly challenging global and domestic operating environment, the Malaysian economy contracted by 5.6% in 2020.

*(Source: Economic and Monetary Review 2020, Bank Negara Malaysia)*

Malaysia will lower its economic growth outlook for year 2021 due to the movement restrictions against COVID-19, the Minister of Finance of Malaysia said, signaling that the government may forecast expansion of around 4%.

*(Source: Malaysia to cut 2021 GDP growth outlook, The Star, 13 July 2021)*

## 4.2 Overview and outlook of the property market in Malaysia

The property market performance recorded a significant decline in 2020 compared to 2019. A total of 295,968 transactions worth RM119.08 billion were recorded, showing a decrease of 9.9% in volume and 15.8% in value compared to 2019, which recorded 328,647 transactions worth RM141.40 billion. The residential sub-sector led the overall property market with 64.7% contribution in volume. This was followed by agriculture (20.7%), commercial (6.8%), development land and others (6.2%) and industrial (1.6%). In terms of value, residential took the lead with 55.3% share, followed by commercial (16.4%), industrial (10.7%), agriculture (10.5%) and development land and others (7.1%).

The industrial sub-sector recorded 4,758 transactions worth RM14.85 billion in 2020. Compared to 2019, the market activity decreased by 24.0% in volume and 14.0% in value. Selangor continued to dominate the market, with 33.6% of the nation's volume, followed by Johor and Sarawak, each with 13.5% and 10.4% market share respectively.

The industrial overhang increased slightly to 1,380 units worth nearly RM2.19 billion, up by 7.8% volume and 16.6% in value against 2019. Meanwhile, the unsold under construction and not constructed increased to 709 units and 72 units, up by 10.4% and 4.3% respectively.

By state, Johor held most of the overhang, with 37.7% share, followed by Sarawak (23.7%) and Pulau Pinang (10.4%). By type, terraced units and semi-detach units formed the bulk of the overhang each with 41.6% and 39.1% share respectively. By price, those above RM1 million form 57.6% of the total overhang units.

On the construction front, the industrial sub-sector remain on a low tone as completion, starts and new planned supply recorded sharp decline. Completion, starts and new planned supply were down by 40.3%, 24.6% and 45.4% to 491 units, 546 units and 464 units respectively. Starts and new planned supply declined by 24.6% and 45.4% to 546 units and 464 units respectively. Selangor contributed the highest number of completions, accounting for 36.5% of the national total, followed by Pulau Pinang (22.8%) and Johor (22.2%). As at end of 2020, there were slightly more than 118,000 existing industrial units, slightly more than 4,000 units in the incoming supply and nearly 7,000 units in the planned supply.

Prices of industrial property showed a more stable trend across the states with downward trend witnessed for terraced factory. In Selangor, double storey terraced in Bukit Serdang Light Industrial Park and SS25 Petaling Jaya declined by 8.2% and 7.1% to RM1.56 million and RM1.3 million respectively. On the contrary, vacant industrial plots in Mukim Klang: Bandar Armada Putra, Pulai Indah Industrial Park and Seri Alam Industrial Park were transacted at RM580 per square meter ("**p.s.m**") to RM635 p.s.m., RM645 p.s.m. to RM725 p.s.m. and RM1,121 p.s.m., increased by 3.2%, 4.8% and 7.8% respectively. The increase could be attributed to growing demand for warehouse due to expansion of e-commerce.

Based on the current prolonged Covid-19 pandemic and the foreseeable impact on the overall economy, the property market performance is expected to remain cautious and soft in 2021. Nevertheless, the Government has introduced Prihatin Rakyat Economic Stimulus Package and Short-term Economic Recovery Plan in 2020 as well as Budget 2021 to help cushion the impact on property market.

On the infrastructure development front, the Government has allocated RM15 billion to fund the Pan Borneo Highway, Gemas-Johor Bahru Electrified Double-tracking Project and Klang Valley Double Tracking Project Phase 1 under Budget 2021. In addition, several key projects will be continued such as Rapid Transit System Link from Johor Bharu to Woodlands, Singapore and MRT 3 in Klang Valley.

For industrial sub-sector, the Government has also allocated RM100 million for the maintenance of infrastructure in industrial parks which would enhance competitiveness of the industry and attractiveness for investors under Budget 2021. Demand for logistics and warehousing facilities is expected to grow in tandem with the robust performance of the manufacturing sector and the e-commerce platform.

In conclusion, the property market performance in 2021 is much dependant on the country's economic and financial outlook. The availability and rolling out of Covid-19 vaccine throughout the country is seen as fundamental to deter any new wave of infection spread. This will help boost business confidence, household sentiments as well as the general economy, which will likely see a soft upturn in the property market in the second half of 2021.

*(Source: Annual Property Market Report 2020, Valuation and Property Services Department, Ministry of Finance Malaysia)*

### **4.3 Overview and outlook of the property market in Johor**

Johor's property market performance softened in 2020, indicated by the contraction in market activity and construction activity. There were 36,101 transactions worth RM16.79 million recorded, indicating a decrease of 16.7% and 12.3% in volume and value respectively as compared to 2019. The residential property remained the leading sub-sector, dominating 64.1% of overall market activity, followed by agriculture subsector with 21.1% market share.

Market activity across all sub-sectors was on a low mode. Industrial sub-sector down by 37.0%, meanwhile commercial sub-sector shrank by 18.4%, development land (-9.5%), residential (-19.9%) and agriculture (-2.9%). In terms of transactions value, agriculture and industrial sub-sector witnessed growth whereas development land, residential and commercial sub-sectors recorded otherwise.

The industrial sub-sector recorded 640 transactions worth RM2.17 billion in 2020, down by 37.0% in volume while value increase merely by 5.3% compared to in 2019.

The industrial overhang and unsold situation improved as the number reduced marginally where in 2020 there were 520 units compared to 2019 where there were 554 units which was a decrease in volume of 4.3%.

The sub-sector construction activity was less encouraging in 2020. Completion, start and new planned supply dropped substantially due to the current market situation. As at end of 2020, there were 18,079 existing industrial units with another 1,037 units in the incoming supply and 802 units in the planned supply.

Price of industrial sub-sector recorded mixed movements. One and a-half storey terrace factory at Taman Universiti in Johor Bahru rose by 7.9% transacted between RM740,000 and RM780,000 per unit. The increased was supported by good accessibility and demand from medium scale industries in the vicinity. On the contrary, price of the same type of property at Bandar Baru Permas Jaya in Johor Bahru contracted by 3.9%.

2020 was a challenging year for the property sector in Johor due to the impact of the COVID-19 pandemic. The Johor property market generally experienced declining transactions, decrease in demand prices and rising in residential and service apartments overhang as well as falling rates of occupancy of shopping complexes.

Heading into 2021, Johor is expected to gain a positive economic recovery through the Johor Budget 2021. Various initiatives have been provided to ensure the performance of the property market in 2021 remain strong especially in supporting the provision of affordable housing and attract foreign investors to the state:

- i. Johor Affordable Housing;
- ii. Improving the Johor Housing Policy;
- iii. Hire Purchase Program;
- iv. Rental Payment Aid;
- v. Program Perumahan Rakyat and Rumah Sewa Kerajaan;
- vi. Skim Perumahan Makmur Johor;
- vii. Bumiputera Property Expo;
- viii. Agenda Johor Tani;
- ix. Johor Digital Agenda;
- x. Johor Economic, Tourism and Cultural Office; and
- xi. Johor State High Impact Project Continuation.

In addition, under Budget 2021, the infrastructure project namely Rapid Transit System project linking Bukit Cagar in Johor Bahru and Woodlands in Singapore will continued. The project will positively impact to the Johor property market. The project are expected to be completed in 2026.

*(Source: Johor Annual Property Market State Report 2020, Valuation and Property Services Department, Ministry of Finance Malaysia)*

#### 4.4 Prospects of AME Group

AME Group is a property development and construction group with core expertise in the construction of customised large manufacturing plants as well as design-and-build of industrial parks complemented by the Group's offerings in engineering services, property investment and management services in Malaysia. Its business segments are summarised below:

<b>Business segments</b>	<b>Segment activities</b>
Property development	Design, construction and sale/lease of industrial buildings within the industrial parks developed by the Group. It has extensive experience in building industrial properties tailored to the requirements of its customers which includes multinational corporations. The industrial units are thereafter sold or leased to domestic as well as international clients.
Property investment and management services	Leasing of industrial units in the industrial parks developed by the Group to clients and the rental and management of workers' dormitories.
Construction	Construction services from planning, scoping, design, construction and management to post-construction maintenance.
Engineering	Steel engineering works, precast concrete works and mechanical and electrical engineering services as standalone services to external customers as well as to complement its construction projects.

AME Group's industrial development projects are mainly focused in Johor and it has presence in the construction of industrial development projects in Kuala Lumpur and Selangor as well. Its flagship projects are situated in Iskandar Malaysia, Johor namely the development of industrial factories, commercial developments and dormitories in i-Park@Senai Airport City and i-Park@Indahpura, industrial factories and commercial developments in SME City, and industrial factories in i-Park@SiLC and District 6.

The breakdown of revenue from AME Group's property development, property investment and management services as well as construction and engineering services segments are set out below:

Revenues	←-----Audited-----→					
	FYE 31 March 2019		FYE 31 March 2020		FYE 31 March 2021	
	RM'000	%	RM'000	%	RM'000	%
Property development	43,143	12.72	92,347	24.28	197,158	42.81
Property investment and management services	21,522	6.35	34,631	9.11	36,361	7.89
Construction services	233,670	68.93	185,186	48.69	182,743	39.67
Engineering services	40,678	12.00	68,182	17.92	44,343	9.63
<b>Total</b>	<b>339,013</b>	<b>100.00</b>	<b>380,346</b>	<b>100.00</b>	<b>460,605</b>	<b>100.00</b>

As set out in the table above, AME's Group property development revenues have increased from RM43.14 million in FYE 31 March 2019 to RM197.16 million in FYE 31 March 2021. AME Group's focus on the development of industrial parks has enable AME Group to grow in a market segment that has relatively low competition as compared to the construction services and engineering services segments. Accordingly, AME Group aims to expand the property development business moving forward. AME Group is expanding its land banks to include lands within the Southern Industrial and Logistics Clusters in Iskandar Puteri of Iskandar Malaysia, Johor ("**SiLC**") and had undertaken the following acquisitions as detailed in its Circular to shareholders dated 24 March 2021 ("**Acquisitions**"):

- i. acquisition of 38 plots of freehold industrial land in the Phase 3 of SiLC measuring approximately 37.09 hectares or approximately 91.64 acres in total land area by its wholly-owned subsidiary, Pentagon Land Sdn Bhd, from UEM Land Berhad ("**UEML**") and Nusajaya Heights Sdn Bhd ("**NHSB**") for an indicative total cash consideration of approximately RM233.53 million; and
- ii. acquisition of 34 plots of freehold industrial land in Phase 3 of SiLC, measuring approximately 31.61 hectares or approximately 78.11 acres in total land area by its wholly-owned subsidiary, Greenhill SiLC Sdn Bhd, from UEML and NHSB for an indicative total cash consideration of approximately RM200.76 million.

AME had obtained its shareholders' approval for the Acquisitions on 8 April 2021 and the Acquisitions are currently pending the fulfilment of the conditions precedent.

As at the LPD, the Group has total industrial land bank of approximately 62.89 acres spread across i-Park@Senai Airport City (53.50 acres) and i-Park@Indahpura (9.39 acres). The Acquisitions will allow the Group to expand its land bank from approximately 62.89 acres to approximately 232.64 acres and increase its presence in Iskandar Malaysia, Johor.

In response to the surge in the COVID-19 infections nationwide, the Government had implemented a Third Movement Control Order ("**MCO 3.0**") from 12 May 2021, followed by a Full Movement Control Order ("**FMCO**") from 1 June 2021 and subsequently Phase One of the Movement Control under the National Recovery Plan ("**Phase One of NRP**") throughout the country. During the MCO 3.0, the Group was required to reduce its workplace presence limit to 60% manpower beginning on 25 May 2021 and subsequently during the FMCO and Phase One of NRP, the Group's construction, engineering and property development activities are temporarily disrupted. The said temporary disruption to the Group's operations during the MCO 3.0, FMCO and Phase One of NRP may affect the completion of its projects. Further, the prolonged border closures during the MCO may also affect the take-up of the Group's industrial properties offerings by foreign investors.

Notwithstanding the above, the Group will continue to focus on its property development segment and develop its projects at i-Park@Senai Airport City, i-Park@Indahpura and the lands arising from the Acquisitions as well as expand its construction segment to improve the Group's profitability. Additionally, the Group's recurring income streams from the leasing of industrial properties and rental from workers' dormitories have remained resilient, providing a stable source of revenue and cashflow for the Group.

Moving forward, the Group will continue to be cautious and remain steadfast in exploring, identifying and transforming suitable landbank to potentially replicate its i-Park model in Peninsular Malaysia while at the same time accelerate technology adoption across its sales, marketing, and operating activities to boost engagement with potential customers.

*(Source: Management of AME)*

## 5. EFFECTS OF THE PROPOSALS

### 5.1 Issued share capital

The pro forma effects of the Proposals on the issued share capital of AME are set out below:

	No. of Shares	RM
Issued share capital as at the LPD	427,115,101	620,139,959
Shares to be issued pursuant to the Proposed Bonus Issue of Shares	213,557,550	_ <sup>(a)</sup>
	640,672,651	620,139,959
Shares to be issued assuming full exercise of the Warrants	142,371,700 <sup>(b)</sup>	284,743,400 <sup>(c)</sup>
	783,044,351	904,883,359
Shares to be issued assuming full exercise of the ESOS Options	78,304,435	121,371,784 <sup>(d)</sup>
<b>Enlarged issued share capital</b>	<b>861,348,786</b>	<b>1,026,255,233</b>

**Notes:**

(a) *The Bonus Shares will be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves.*

(b) *Calculated based on the total number of issued shares of the Company of 427,115,101 AME Shares.*

- (c) *Calculated based on the indicative exercise price of Warrants of RM2.00 per Warrant, which represents a premium of approximately 16.28% to the TEBP of RM1.72 calculated based on the 5-day VWAP of AME Shares up to and including the LPD of RM2.58.*
- (d) *Calculated based on the illustrative exercise price of the ESOS Options of RM1.55 per ESOS Option, which represents a discount of approximately 9.88% to the TEBP of RM1.72 calculated based on the 5-day VWAP of AME Shares up to and including the LPD of RM2.58.*

The Proposed Free Warrants Issue and the Proposed ESOS will not have an immediate effect on the issued share capital of the Company until such time when the new AME Shares are issued pursuant to the exercise of the Warrants and the ESOS Options. The issued share capital of the Company will increase progressively as and when new AME Shares are allotted and issued arising from the exercise of the Warrants and the ESOS Options.

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

## 5.2 Consolidated NA per Share and gearing

### i. Proposed Bonus Issue of Shares and Proposed Free Warrants Issue

Based on the latest audited consolidated financial statements of AME as at 31 March 2021, the pro forma effects of the Proposed Bonus Issue of Shares and the Proposed Free Warrants Issue on the consolidated NA per Share and gearing of AME are set out below:

	I Audited as at 31 March 2021 RM'000	II After the Proposed Bonus Issue of Shares RM'000	III After I and the Proposed Free Warrants Issue RM'000	IV After II and assuming full exercise of the Warrants RM'000
Share capital	620,140	620,140	620,140	904,883 <sup>(b)</sup>
Merger reserve	(452,311)	(452,311)	(452,311)	(452,311)
Retained earnings	506,711	506,711	506,361 <sup>(a)</sup>	506,361
<b>Shareholders' funds/NA</b>	<b>674,540</b>	<b>674,540</b>	<b>674,190</b>	<b>958,933</b>
No. of Shares in issue ('000)	427,115	640,673	640,673	783,044
NA per Share (RM)	1.58	1.05	1.05	1.22
Total interest-bearing borrowings (RM'000)	247,608	247,608	247,608	247,608
Gearing ratio (times)	0.37	0.37	0.37	0.26

#### Notes:

- (a) After deducting estimated expenses of RM350,000 in relation to the Proposals.
- (b) Calculated based on the indicative exercise price of RM2.00 per Warrant, which represents a premium of approximately 16.28% to the TEPP of RM1.72 calculated based on the 5-day VWAP of AME Shares up to and including the LPD of RM2.58.

### ii. Proposed ESOS

The Proposed ESOS is not expected to have an immediate effect on the NA and gearing of the Group until such time when the ESOS Options granted under the Proposed ESOS are exercised into new AME Shares. Any potential effects on the NA and gearing of the Group will depend on the number of new Shares to be issued upon the exercise of the ESOS Options granted under the Proposed ESOS and the subscription price of the ESOS Options.

For illustrative purposes, upon exercise of the ESOS Options under the Proposed ESOS, the NA per Share is expected to:

- i. increase if the subscription price of the ESOS Options is higher than the NA per Share; or
  - ii. decrease if the subscription price of the ESOS Options is lower than the NA per Share,
- at such point of exercise of the ESOS Options.

### 5.3 Substantial shareholders' shareholdings

#### i. Proposed Bonus Issue of Shares and Proposed Free Warrants Issue

The pro forma effects of the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue on the substantial shareholders' shareholdings of AME are set out below:

Substantial shareholders	Shareholding as at the LPD		After the Proposed Bonus Issue of Shares		After the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue	
	Direct	%	Direct	%	Direct	%
Lee Chai	84,301,100	19.74	3,821,100 <sup>(a)</sup>	0.89	126,451,650	19.74
Lim Yook Kim	85,194,100	19.95	4,162,300 <sup>(b)</sup>	0.97	127,791,150	19.95
Kang Ah Chee	83,694,100	19.60	4,021,100 <sup>(c)</sup>	0.94	125,541,150	19.60
Lee Sai Boon	27,758,000	6.50	3,821,100 <sup>(d)</sup>	0.89	41,637,000	6.50

  

Substantial shareholders	After I and the Proposed Free Warrants Issue		After II and assuming full exercise of the Warrants		After I and assuming full exercise of the Warrants	
	Direct	%	Direct	%	Direct	%
Lee Chai	126,451,650	19.74	5,731,650 <sup>(a)</sup>	0.89	154,552,016	19.74
Lim Yook Kim	127,791,150	19.95	6,243,450 <sup>(b)</sup>	0.97	156,189,183	19.95
Kang Ah Chee	125,541,150	19.60	6,031,650 <sup>(c)</sup>	0.94	153,439,183	19.60
Lee Sai Boon	41,637,000	6.50	5,731,650 <sup>(d)</sup>	0.89	50,889,666	6.50

#### Notes:

- Deemed interested by virtue of his interest in Lotus Ideal Sdn Bhd ("Lotus Ideal") and Lifestyle Capital Sdn Bhd ("Lifestyle Capital") pursuant to Section 8 of the Act. For the avoidance of doubt, the AME Shares held by his daughter, Lee Ling Sien, is not included in his indirect interest in AME pursuant to Section 59(1)(c) of the Act as Lee Ling Sien is the alternate director to him in AME. Further details of Lee Ling Sien's shareholding in AME is set out in Section 8(ii) of this Circular.
- Deemed interested by virtue of his interest in Lotus Ideal and Lifestyle Capital pursuant to Section 8 of the Act and AME Shares held by his son, Lim Khai Wen, pursuant to Section 59(1)(c) of the Act. For the avoidance of doubt, the AME Shares held by his daughter, Lim Pei Shi, is not included in his indirect interest in AME pursuant to Section 59(1)(c) of the Act as Lim Pei Shi is the alternate director to him in AME. Further details of Lim Pei Shi's shareholding in AME is set out in Section 8(ii) of this Circular.

(c) *Deemed interested by virtue of his interest in Lotus Ideal and Lifestyle Capital pursuant to Section 8 of the Act and AME Shares held by his son, Kang Chai Poh, and daughter, Kang Miay Hong, pursuant to Section 59(1)(c) of the Act. For the avoidance of doubt, the AME Shares held by his son, Kang Koh Wei, is not included in his indirect interest in AME pursuant to Section 59(1)(c) of the Act as Kang Koh Wei is the alternate director to him in AME. Further details of Kang Koh Wei's shareholding in AME is set out in Section 8(ii) of this Circular.*

(d) *Deemed interested by virtue of his interest in Lotus Ideal and Lifestyle Capital pursuant to Section 8 of the Act.*

**ii. Proposed ESOS**

The Proposed ESOS is not expected to have any immediate effect on the shareholdings of the Company's substantial shareholders until such time when the ESOS Options granted under the Proposed ESOS are exercised into new AME Shares. Any potential effect on the shareholdings of the substantial shareholders would depend on the number of new AME Shares to be issued pursuant to the exercise of the ESOS Options granted under the Proposed ESOS at the relevant point in time.

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

## 5.4 Earnings and EPS

### i. Proposed Bonus Issue of Shares and Proposed Free Warrants Issue

The Proposed Bonus Issue of Shares and the Proposed Free Warrants Issue are not expected to have any material effect on the consolidated earnings of the Group for the FYE 31 March 2022 as they are expected to be completed by the 4<sup>th</sup> quarter of year 2021. The consolidated EPS of the Group may be diluted as a result of the increase in the number of AME Shares pursuant to the issuance of the Bonus Shares. In addition, the potential effect of any exercise of the Warrants on the consolidated EPS of the Group may depend on, amongst others, the number of Warrants exercised at any point in time. Although the consolidated EPS of the Group may be diluted as a result of the increase in the number of AME Shares as and when the Warrants are exercised, the utilisation of proceeds arising therefrom may contribute positively to the future earnings of the Group.

Based on the latest audited consolidated financial statements of AME for the FYE 31 March 2021, the pro forma effects of the Proposed Bonus Issue of Shares and the Proposed Free Warrants Issue on the consolidated EPS of the Group assuming the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue had been completed at the beginning of the FYE 31 March 2021 are set out below:

	Audited for the FYE 31 March 2021	I After the Proposed Bonus Issue of Shares	II After I and the Proposed Free Warrants Issue	III After II and assuming full exercise of the Warrants
Profit after tax attributable to the equity holders of the Company (RM'000)	53,477	53,477	53,477	53,477
Weighted average no. of Shares in issue ('000)	427,115	640,673	640,673	783,044
Basic EPS (sen)	12.52	8.35	8.35	6.83

### ii. Proposed ESOS

The Proposed ESOS is not expected to have any immediate effect on the consolidated earnings and consolidated EPS of the Group until such time when the ESOS Options are granted and exercised. However, any potential effect on the consolidated EPS of the Group in the future would depend on the impact of the MFRS 2, the number of the ESOS Options exercised as well as the utilisation of the proceeds arising therefrom.

Under the MFRS 2, the potential cost arising from the issuance of the ESOS Options, which is measured by the fair value of the ESOS Options after taking into account, amongst others, the number of ESOS Options granted and vested and the subscription price of the ESOS Options, will need to be measured at the grant date and to be recognised as an expense over the vesting period. Therefore, this may affect the future earnings of the Group, the quantum of which can only be determined at the grant date. However, the estimated cost does not represent a cash outflow by the Company as it is merely an accounting treatment.

The Company has taken note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of the ESOS Options in the future.

However, the consolidated EPS of the Group will be diluted because of the Company's enlarged issued share capital arising from the issuance of the new AME Shares as and when the ESOS Options are exercised in the future.

The effects of any exercise of the ESOS Options on the consolidated EPS of the Group would depend on the returns to be generated by the Group from utilisation of the proceeds from the exercise of the ESOS Options.

## 5.5 Convertible securities

As at the LPD, AME does not have any convertible securities in issue.

## 6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of AME Shares as traded on Bursa Securities for the past 12 months from July 2020 to June 2021 are set out below:

	<b>High RM</b>	<b>Low RM</b>
<b>2020</b>		
July	1.77	1.62
August	1.89	1.50
September	1.97	1.81
October	2.19	1.86
November	2.35	1.94
December	2.50	2.14
<b>2021</b>		
January	2.42	2.08
February	2.34	1.98
March	2.25	2.10
April	2.34	2.12
May	2.40	2.10
June	2.77	2.38
Last transacted market price on 25 May 2021 (being the last trading day prior to the announcement of the Proposals on 27 May 2021)		2.22
Last transacted market price on the LPD		2.64

(Source: Bloomberg)

## 7. APPROVALS REQUIRED/OBTAINED FOR THE PROPOSALS

The Proposals are subject to the following approvals being obtained:

- i. 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 ESOS on the Main Market of Bursa Securities;

which was obtained vide its letter dated 13 July 2021, subject to the following conditions:

<b>No.</b>	<b>Condition</b>	<b>Status of compliance</b>
(i)	AME and RHBIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Shares, Proposed Free Warrants Issue and Proposed ESOS;	Noted.
(ii)	AME and RHBIB to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue;	To be complied.
(iii)	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;	To be complied.
(iv)	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;	To be complied.
(v)	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	To be complied.
(vi)	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.	To be complied.

- ii. the shareholders of AME, for the Proposals at the forthcoming EGM by way of poll; and
- iii. any other relevant authorities and/or parties, if required.

The Proposed Bonus Issue of Shares, the Proposed Free Warrants Issue and the Proposed ESOS are not conditional upon each other. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

## **8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED**

### **i. Proposed Bonus Issue of Shares and Proposed Free Warrants Issue**

None of the Directors, major shareholders and/or chief executive of AME and/or persons connected with them has any interest, whether direct or indirect, in the Proposed Bonus Issue of Shares and the Proposed Free Warrants Issue, save for their respective entitlements under the Proposed Bonus Issue of Shares and the Proposed Free Warrants Issue which are available to all Entitled Shareholders on a pro-rata basis.

**ii. Proposed ESOS**

All the executive Directors of AME ("**Interested Directors**") are eligible to participate in the Proposed ESOS, and are therefore deemed interested to the extent of their respective proposed allocation and proposed allocation to persons connected them, if any under the Proposed ESOS.

All the Interested Directors have abstained and will continue to abstain from all Board deliberations and voting in respect of their respective proposed allocation, and proposed allocations to persons connected with them under the Proposed ESOS, if any, at the relevant Board meetings.

All the Interested Directors and/or major shareholders of AME who are also Eligible Persons will abstain from voting in respect of their direct and/or indirect shareholdings, if any, at the forthcoming EGM in respect of the ordinary resolutions to be tabled for their respective proposed allocation as well as the proposed allocations to persons connected with them, if any.

All the Interested Directors and/or major shareholders of AME who are also Eligible Persons will also undertake to ensure that persons connected with them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings, if any, on the ordinary resolutions to be tabled at the forthcoming EGM pertaining to their respective proposed allocation, and the proposed allocations to the persons connected with them, if any.

The direct and indirect shareholdings of the Interested Directors and/or major shareholders of AME and/or persons connected with them in AME as at the LPD are set out below:

Name	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
<b>Interested Directors and/or major shareholders of AME who are Eligible Persons</b>				
Lee Chai	84,301,100	19.74	3,821,100 <sup>(a)</sup>	0.89
Lim Yook Kim	85,194,100	19.95	4,162,300 <sup>(b)</sup>	0.97
Kang Ah Chee	83,694,100	19.60	4,021,100 <sup>(c)</sup>	0.94
Lee Sai Boon	27,758,000	6.50	3,821,100 <sup>(d)</sup>	0.89
<b>Persons connected with the Interested Directors and/or major shareholders of AME who are Eligible Persons</b>				
Lee Ling Sien <sup>(e)</sup>	224,100	0.05	-	-
Lim Pei Shi <sup>(f)</sup>	290,000	0.07	-	-
Kang Koh Wei <sup>(g)</sup>	325,200	0.08	-	-
Lim Khai Wen <sup>(h)</sup>	341,200	0.08	-	-
Lee Chun Kiat <sup>(i)</sup>	-	-	-	-

Name	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%

**Persons connected with the Interested Directors and/or major shareholders of AME**

Kang Chai Poh <sup>(l)</sup>	100,000	0.02	-	-
Kang Miay Hong <sup>(k)</sup>	100,000	0.02	-	-

**Notes:**

- (a) *Deemed interested by virtue of his interest in Lotus Ideal and Lifestyle Capital pursuant to Section 8 of the Act. For the avoidance of doubt, the AME Shares held by his daughter, Lee Ling Sien, is not included in his indirect interest in AME pursuant to Section 59(11)(c) of the Act as Lee Ling Sien is the alternate director to him in AME.*
- (b) *Deemed interested by virtue of his interest in Lotus Ideal and Lifestyle Capital pursuant to Section 8 of the Act and AME Shares held by his son, Lim Khai Wen, pursuant to Section 59(11)(c) of the Act. For the avoidance of doubt, the AME Shares held by his daughter, Lim Pei Shi, is not included in his indirect interest in AME pursuant to Section 59(11)(c) of the Act as Lim Pei Shi is the alternate director to him in AME.*
- (c) *Deemed interested by virtue of his interest in Lotus Ideal and Lifestyle Capital pursuant to Section 8 of the Act and AME Shares held by his son, Kang Chai Poh, and daughter, Kang Miay Hong, pursuant to Section 59(11)(c) of the Act. For the avoidance of doubt, the AME Shares held by his son, Kang Koh Wei, is not included in his indirect interest in AME pursuant to Section 59(11)(c) of the Act as Kang Koh Wei is the alternate director to him in AME.*
- (d) *Deemed interested by virtue of his interest in Lotus Ideal and Lifestyle Capital pursuant to Section 8 of the Act.*
- (e) *Lee Ling Sien is the daughter to Lee Chai, sister to Lee Chun Kiat, cousin to Lim Pei Shi and Lim Khai Wen, and niece to Lim Yook Kim and Lee Sai Boon. She is the Marketing Manager in the Property Development Division.*
- (f) *Lim Pei Shi is the daughter to Lim Yook Kim, sister to Lim Khai Wen, cousin to Lee Ling Sien and Lee Chun Kiat, and niece to Lee Chai and Lee Sai Boon. She is the Head of the Property Development Division.*
- (g) *Kang Koh Wei is the son to Kang Ah Chee and brother to Kang Chai Poh and Kang Miay Hong. He is the Head of the Construction Division.*
- (h) *Lim Khai Wen is the son of Lim Yook Kim, brother to Lim Pei Shi, cousin to Lee Ling Sien and Lee Chun Kiat, and nephew to Lee Chai and Lee Sai Boon. He is the Head of the Engineering Division.*
- (i) *Lee Chun Kiat is the son to Lee Chai, brother to Lee Ling Sien, cousin to Lim Pei Shi and Lim Khai Wen, and nephew to Lim Yook Kim and Lee Sai Boon. He is the Corporate Planning Executive.*
- (j) *Kang Chai Poh is the son to Kang Ah Chee and brother to Kang Koh Wei and Kang Miay Hong.*
- (k) *Kang Miay Hong is the daughter to Kang Ah Chee and sister to Kang Koh Wei and Kang Chai Poh.*

Save as disclosed above, none of the Directors and/or major shareholders, chief executive of AME and/or persons connected with them has any interest, whether direct or indirect, in the Proposed ESOS.

## 9. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals from the relevant authorities and parties being obtained, the Proposals are expected to be completed by the 4<sup>th</sup> quarter of 2021.

The tentative timetable for the implementation of the Proposals is set out below:

Date/Month	Events
26 August 2021	<ul style="list-style-type: none"><li>• Convening of EGM to obtain the approval from the shareholders of AME for the Proposals</li></ul>
Early September 2021	<ul style="list-style-type: none"><li>• Announcement of the exercise price of the Warrants and the Entitlement Date for the Bonus Shares and the Warrants</li></ul>
Mid September 2021	<ul style="list-style-type: none"><li>• Entitlement Date for the Bonus Shares and the Warrants</li><li>• Listing of the Bonus Shares on the Main Market of Bursa Securities</li></ul>
End September 2021	<ul style="list-style-type: none"><li>• Listing of the Warrants on the Main Market of Bursa Securities</li></ul>
Mid October 2021	<ul style="list-style-type: none"><li>• Announcement made on the effective date of the implementation of the ESOS</li></ul>

## 10. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the following, there is no corporate exercise which has been announced by the Company but not yet completed as at the date of this Circular:

- i. the Proposals;
- ii. the Proposed REIT Establishment and Listing; and
- iii. the Acquisitions.

## 11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

Accordingly, the Board recommends that you **vote in favour** of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

Further, the Board (save for the Interested Directors) recommends that you **vote in favour** of the resolutions pertaining to the proposed allocation to the Interested Directors and proposed allocation to the persons connected to them, if any, under the Proposed ESOS.

## 12. EGM

The forthcoming EGM will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting ("**RPEV**") facilities via online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC-D6A357657) on Thursday, 26 August 2021 at 11:30 a.m. or immediately following the conclusion of the Company's 3<sup>rd</sup> AGM or at any adjournment thereof, scheduled to be held on the same day at 10:00 a.m., whichever is later, for the purpose of considering and if thought fit, passing the resolutions to give effect to the Proposals.

A member entitled to participate, speak and vote at the forthcoming EGM is entitled to appoint a proxy or proxies to participate, speak and vote on his/her behalf. In such event, please complete and return the Form of Proxy in accordance with the instructions therein as soon as possible and shall be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from participating, speaking and voting remotely at the forthcoming EGM should you subsequently wish to do so. Alternatively, members may deposit the Form of Proxy by electronic means with the Company's Share Registrar through Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com> or email to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) not less than 48 hours before the EGM. For further information on the electronic submission of the Form of Proxy and participation at the forthcoming EGM, kindly refer to the Administrative Guide which is enclosed together with this Circular.

### **13. ADDITIONAL INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board  
**AME ELITE CONSORTIUM BERHAD**

**LEE CHAI**  
Group Managing Director

---

**INDICATIVE SALIENT TERMS OF THE WARRANTS**


---

The indicative salient terms of the Warrants are set out below:

- Issue size and basis of allotment : Up to 142,371,700 Warrants on the basis of 1 Warrant for every 3 existing AME Shares held by the Entitled Shareholders on the Entitlement Date.
- Form and constitution : The Warrants will be issued in registered form and constituted by the Deed Poll.
- Tenure : 5 years commencing from and inclusive of the date of issuance of the Warrants.
- Expiry Date : The Market Day falling immediately preceding the 5<sup>th</sup> anniversary of the date of issuance of the Warrants and if such day falls on a day which is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day.
- Exercise period : The period commencing from and including the date of issuance of the Warrants and ending at the close of business at 5:00 p.m. in Malaysia on the Expiry Date. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
- Exercise Price : The exercise price of the Warrants will be determined by the Board and announced by the Company at a later date upon receipt of all relevant approvals for the Proposed Free Warrants Issue but before the announcement of the Entitlement Date after taking into consideration a premium ranging from 10% to not more than 30% to the TEBP calculated based on the 5-day VWAP of AME Shares immediately preceding the price-fixing date for the Proposed Free Warrants Issue.

For information purposes, the premium ranging from 10% to not more than 30% to the TEBP calculated based on the 5-day VWAP of AME Shares immediately preceding the price-fixing date for the Proposed Free Warrants Issue was determined after taking into consideration, amongst others, the following:

- i. the Warrants will be issued at no cost to the Entitled Shareholders;
- ii. the historical trading prices of AME Shares;
- iii. the prevailing market conditions; and
- iv. the future working capital requirements of AME Group.

For illustrative purposes, the indicative exercise price of the Warrants is assumed to be at RM2.00 per Warrant, which represents a premium of approximately 16.28% to the TEBP of RM1.72 calculated based on the 5-day VWAP of AME Shares up to and including the LPD of RM2.58. For the avoidance of doubt, AME's share price will be adjusted pursuant to the Proposed Bonus Issue of Shares. Please refer to Section 2.1.1 of this Circular for further details on the illustration on the TEBP of RM1.72 after the Proposed Bonus Issue of Shares calculated based on the 5-day VWAP of AME Shares up to and including the LPD of RM2.58.

- Exercise rights : Each Warrant entitles the Warrant holder to subscribe for 1 new AME Share at the Exercise Price at any time during the exercise period, subject to the adjustments in accordance with the provisions of the Deed Poll.

---

**INDICATIVE SALIENT TERMS OF THE WARRANTS (CONT'D)**


---

- Mode of exercise : The Warrant holders must complete and sign the exercise form (which shall be irrevocable) and deliver the duly completed and executed exercise form to the Company's warrant registrar together with payment of the Exercise Price by way of cashier's order or banker's draft drawn by a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia or electronic means.
- Board lot : For the purpose of trading on Bursa Securities, 1 board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new AME Shares at any time during the exercise period, or such other number of Warrants as may be varied from time to time by Bursa Securities to constitute a board lot.
- Ranking of the new AME Shares to be issued arising from the exercise of the Warrants : The new AME Shares to be issued arising to the exercise of the Warrants shall, upon issuance and allotment, rank equally in all respects with the then existing AME Shares, save and except that they will not be entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid prior to the date of issuance and allotment of such new AME Shares to be issued arising from the exercise of the Warrants.
- Rights in general meeting and in any distribution and/or offer of further securities : The Warrant holders will not be entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise their Warrants into new AME Shares.
- Rights in the event of winding up, liquidation, compromise and/or arrangement : If a resolution is passed for a members' voluntary winding-up of the Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company, amalgamation or merger of the Company with 1 or more companies then:
- i. for the purpose of such winding up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purpose by a special resolution, shall be a party, the terms of such winding up, compromise or arrangement shall be binding on all the Warrant holders; or
  - ii. in any case and to the extent permitted by law, every Warrant holder shall be entitled (upon and subject to the conditions in the Deed Poll) at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or 6 weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his Warrants to the Company by submitting the duly completed exercise form(s) and payment of the Exercise Price, elect to be treated as if he had immediately prior to the commencement of such winding up, compromise or arrangement exercised the exercise rights represented by such Warrants to the extent specified in the exercise form(s) and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the AME Shares to which he would have become entitled pursuant to such exercise and the liquidator or the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all exercise rights of the Warrants shall lapse and cease to be valid for any purpose.

---

**INDICATIVE SALIENT TERMS OF THE WARRANTS (CONT'D)**

---

- Adjustments to the Exercise Price and/or number of Warrants : The Exercise Price and/or number of unexercised Warrants may be adjusted if any alteration is made to the share capital of the Company at any time during the tenure of the Warrants, whether by way of capitalisation issues, rights issue, bonus issue, consolidation or subdivision of shares or capital reduction exercises.
- Modification of rights of the Warrant holders : Save for modification to the Deed Poll which is not materially prejudicial to the interest of the Warrant Holders, manifest error or to comply with the prevailing laws of Malaysia and/or the Listing Requirements, any modification, amendment, deletion or addition to the Deed Poll shall require the approval of the Warrant holders sanctioned by special resolution; be subjected to the approval of the relevant authorities, if any; and be effected by a supplemental deed poll executed by the Company and expressed to be supplemental and comply with the requirements of the Deed Poll.
- Listing status : Approval has been obtained from Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities as well as for the listing and quotation of the Warrants and the new AME Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.
- Governing law : Laws of Malaysia.

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

## DRAFT BY-LAWS

**BY-LAWS OF THE EMPLOYEES' SHARE OPTION SCHEME OF  
AME ELITE CONSORTIUM BERHAD**

**1. DEFINITIONS AND INTERPRETATIONS**

1.1 In the By-Laws, the following terms shall, unless the context otherwise requires, have the following meanings:

“Act”	:	Companies Act, 2016
“Adviser”	:	Any person who is eligible to act as a principal adviser that fulfils the requirements set out in the Guidelines on Submission of Corporate and Capital Market Product Proposals as well as Chapter 7A of the Licensing Handbook issued by the Securities Commission Malaysia
“AME” or “Company”	:	AME Elite Consortium Berhad (Registration No. 201801030789 [1292815-W])
“AME Group”	:	Collectively, AME and its subsidiaries
“AME Shares” or “Shares”	:	Ordinary shares in AME
“Auditors”	:	The external auditors for the time being of the Company or such other firm of auditors licensed by the Audit Oversight Board of Malaysia
“Board”	:	Board of Directors of AME
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 [165570-W])
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 [635998-W])
“By-Laws”	:	The rules, terms and conditions of the ESOS
“CDS”	:	Central Depository System
“CDS Account”	:	An account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and for dealing in such securities by the depositor
“Constitution”	:	Constitution of AME
“Date of Acceptance”	:	The date on which the ESOS Committee receives the written notice from an Eligible Person accepting an Offer
“Date of Offer”	:	The date on which an Offer is served in accordance with the By-Laws
“Depository Rules”	:	Rules of Bursa Depository
“Directors”	:	Directors shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007

## DRAFT BY-LAWS (CONT'D)

“Effective Date”	:	The date on which the last of the approvals and conditions in By-Law 18 have been obtained and/or complied with
“Eligible Person(s)”	:	The Eligible executive Directors or eligible employees of the AME Group (excluding dormant subsidiaries, if any), as the case may be, who meet the eligibility criteria for participation in the ESOS as set out in this By-Laws. For avoidance of doubt, the Eligible Persons will exclude the Non-Executive Directors of AME Group
“ESOS”	:	Employees’ Share Option Scheme
“ESOS Committee”	:	The committee consisting of Directors and/or other persons as shall be appointed and duly authorised by the Board, to implement and administer the ESOS in accordance with the provisions of the By-Laws
“ESOS Option Certificate”	:	The certificate issued by the ESOS Committee confirming the grant of the ESOS Option to an Eligible Person, the Exercise Price together with the number of AME Shares comprised in the ESOS Option, and where applicable, the ESOS Option Period and any vesting conditions as specified in the Offer Letter (as defined in By-Law 5.6)
“ESOS Option Period”	:	The period during which an ESOS Option may be exercised as may be specified in the Offer
“ESOS Options”	:	The options to be granted to a Participant which may be exercised to subscribe for new AME Shares at a future period at a pre-determined price pursuant to the ESOS
“ESOS Period”	:	The duration of the ESOS as set out in By-Law 18.3
“Exercise Price”	:	The price at which a Participant is required to pay for each AME Share pursuant to the exercise of an ESOS Option
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“Market Day”	:	Any day between Monday to Friday, both days inclusive, which is not a public holiday and day on which Bursa Securities is open for trading in securities
“Maximum Allowable Allotment”	:	The maximum number of new AME Shares that may be offered and allotted to an Eligible Person in accordance with the provisions of By-Law 4
“Offer”	:	An offer to take up ESOS Options to subscribe for AME Shares made in writing by the ESOS Committee to any Eligible Person in accordance with the By-Laws and the granting of the ESOS Options to subscribe for the new AME Shares to the Eligible Persons, in accordance with the By-Laws
“Offer Period”	:	A period of 30 calendar days from the Date of Offer or such longer period as may be determined by the ESOS Committee
“Participants”	:	Eligible Person who has duly accepted the Offer in accordance with the By-Laws

**DRAFT BY-LAWS (CONT'D)**

“Persons Connected”	:	Persons connected as defined in Paragraph 1.01 of the Listing Requirements
“RM” and “sen”	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
“Senior Management”	:	Such employees as the ESOS Committee may determine to be senior management, subject to criteria determined at the discretion of the ESOS Committee from time to time
“Unexercised ESOS Options”	:	ESOS Options and any part thereof which have not been fully exercised at the relevant time and in respect of which the ESOS Option Period has not expired

## 1.2 In these By-Laws:

- (a) any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and Listing Requirements;
- (b) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of the By-Laws so far as such modification or re-enactment applies or is capable of applying to any ESOS Options offered and accepted within the ESOS Period and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (c) any reference to the Company and/or other person shall include a reference to its successors-in-title and permitted assigns;
- (d) words importing the singular meaning, where the context so admits, include the plural meaning and vice versa;
- (e) words importing the masculine gender include the feminine genders and all such words shall be construed interchangeably in that manner;
- (f) any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee may be exercised in the ESOS Committee's absolute discretion and the ESOS Committee shall not be under any obligation to give any reasons thereof, except as may be required by the relevant authorities;
- (g) the heading in the By-Laws are inserted for convenience only and shall not be taken into account in the interpretation of the By-Laws; and
- (h) if an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

**2. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE ESOS**

- 2.1 The maximum number of new AME Shares which may be made available under the ESOS shall not in aggregate exceed 10% of the total number of issued AME Shares (excluding treasury shares, if any) at any point of time during the duration of the ESOS as provided in By-Law 18.

---

**DRAFT BY-LAWS (CONT'D)**

---

- 2.2 Notwithstanding By-Law 2.1 or any other provision herein contained, in the event the maximum number of new AME Shares comprised in the ESOS Options granted under the ESOS exceeds the aggregate of 10% of the total number of issued AME Shares (excluding treasury shares, if any) as a result of the Company purchasing, cancelling or reducing its own shares in accordance with Section 127 of the Act or undertaking any other corporate proposal and thereby diminishing its issued AME Shares, then such ESOS Options granted prior to the adjustment of the issued AME Shares in the Company shall remain valid and exercisable in accordance with the provisions of the By-Laws. For the avoidance of doubt, no further Offers shall be made until the total number of new AME Shares comprised in the ESOS Options to be allotted and issued under the ESOS falls below 10% of the total number of issued AME Shares (excluding treasury shares, if any) in the Company.
- 2.3 Each ESOS Option shall be exercisable into 1 new fully paid-up AME Share, in accordance with the provision of these By-Laws.

**3. ELIGIBILITY**

- 3.1 Only Eligible Persons of the AME Group (excluding dormant subsidiaries, if any) who meet the following conditions as at the Date of Offer are eligible to participate in the ESOS:
- (a) has attained the age of 18 years old;
  - (b) is employed on a full-time basis (inclusive of employee with fixed term contract) and is on the payroll of a company within AME Group (excluding dormant subsidiaries, if any) and his/her employment has been confirmed or such employee is serving in a specific designation under an employment contract for a fixed duration of not less than 1 year;
  - (c) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (d) in respect of an eligible executive Director, such eligible executive Director is an executive Director named in the Register of Directors of AME Group (excluding dormant subsidiaries, if any); and
  - (e) fulfils any other eligibility criteria including but not limited to the performance targets, appraisals and assessments and/or falls within such grade/category as may be set by AME Group (excluding dormant subsidiaries, if any) that may be determined by the ESOS Committee from time to time, at its absolute discretion,

provided that nothing herein shall invalidate any selection of any Eligible Person which may have been made by the ESOS Committee on or prior to the Effective Date.

In determining the eligibility and allocation of Eligible Persons to participate in the ESOS, the ESOS Committee will take into account among others, the performance targets, appraisals and past and future contributions of the Eligible Persons to the AME Group (excluding dormant subsidiaries, if any), and such other factors that the ESOS Committee deems relevant from time to time. For avoidance of doubt, the selection of Eligible Persons for participation in the ESOS shall be at the sole and absolute discretion of the ESOS Committee. The decision of the ESOS Committee shall be final and binding.

In accordance with the Listing Requirements, the participation by each of the executive Director, a chief executive, major shareholders of the Company and/or persons connected with them who is an Eligible Person, their specific allocations of ESOS Options under the ESOS shall be approved by the shareholders of the Company in a general meeting.

---

**DRAFT BY-LAWS (CONT'D)**

---

- 3.2 Eligibility, however, does not confer an Eligible Person a claim or right to participate in or any rights whatsoever under the ESOS and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Options or the new AME Shares comprised in the ESOS unless the ESOS Committee has made an Offer to the Eligible Person in the manner as set out in By-Law 5 and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the ESOS.
- 3.3 A set of eligibility and allocation criteria as determined by the ESOS Committee from time to time shall be made available to all Eligible Persons of the AME Group. The Company and/or the ESOS Committee shall ensure that the allocation of the new AME Shares pursuant to the ESOS shall be verified by the audit committee at the end of each financial year.
- 3.4 The ESOS Committee may, in its absolute discretion, change or waive any of the conditions of eligibility as set out in By-Law 3.1. The selection of any Eligible Person to participate and number of ESOS Options to be offered under the ESOS shall be at the sole discretion of the ESOS Committee and the decision of the ESOS Committee shall be binding and final.

**4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT**

- 4.1 Subject to By-Law 2 and any adjustments which may be made under By-Law 14, the maximum number of new AME Shares that may be offered to an Eligible Person under the ESOS shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others and where relevant, the performance, contribution, employment grade, seniority, length of service and his/her potential contribution of the Eligible Person to the success of AME Group and shall be subject to the following:
- (a) not more than 50% of the total new AME Shares to be issued under the ESOS shall be allocated in aggregate to the executive Directors and Senior Management of AME Group (excluding dormant subsidiaries, if any); and
  - (b) not more than 10% of the total number of new AME Shares to be issued under the ESOS shall be allocated to Eligible Persons who, either singly or collectively through persons connected with them, hold 20% or more of the total number of issued shares of AME (excluding treasury shares, if any),
- provided always that it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities as amended from time to time.
- 4.2 At the time the Offer is made in accordance with By-Law 5, the ESOS Committee shall set out the basis of allotment, identifying the category or grade of the Eligible Person and the Maximum Allowable Allotment for the Eligible Person.
- 4.3 An Eligible Person who holds more than 1 position within the AME Group, and by holding such positions, the Eligible Person is in more than 1 category, shall only be entitled to the Maximum Allowable Allotment of any 1 of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.
- 4.4 In the event that an Eligible Person is promoted, the Maximum Allowable Allotment applicable to such Eligible Person shall be the Maximum Allowable Allotment corresponding to the category of employee of which he then is a party, subject always to the maximum number of AME Shares available under the ESOS as stipulated under By-Law 2.1.

---

**DRAFT BY-LAWS (CONT'D)**

---

- 4.5 The ESOS Committee may at its discretion decide whether the granting of the ESOS Options to the Eligible Person will be based on:
- (a) 1 single offer at a time determined by the ESOS Committee; or
  - (b) several offers where the vesting of the ESOS Options comprised in those offers is staggered or made in several tranches at such times and on such terms and conditions as may be determined by the ESOS Committee,

provided always that the aggregate number of new Shares in respect of the Offers granted to any Eligible Person shall not exceed the amount stipulated in By-Law 2 above.

In the event the ESOS Committee decides that the vesting of the ESOS Options is to be staggered or made in several tranches, the number of ESOS Options to be granted pursuant to each vesting of the ESOS Options and the timing for the vesting of the same shall be decided by the ESOS Committee at its sole and absolute discretion and each vesting of the ESOS Options shall be separate and independent from the others.

- 4.6 In the event any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of their own allocation of the ESOS Options.

**5. OFFER**

- 5.1 (a) The ESOS Committee shall, within the ESOS Period as specified in By-Law 18, make Offers to any Eligible Person (based on the eligibility criteria as set out in By-Law 3 whom the ESOS Committee may in its absolute discretion select to subscribe for new AME Shares under the ESOS. Further Offers of ESOS Options may be made to those who become eligible to participate under the ESOS.
- (b) Notwithstanding subsection 5.1(a) above, where it involves a grant of ESOS Option to Eligible Persons who are members of the ESOS Committee, such grant of ESOS Options shall be decided by the Board subject to By-Law 3.
- 5.2 The actual number of new AME Shares arising from the exercise of the ESOS Options which may be offered to an Eligible Person shall be at the discretion of the ESOS Committee and, subject to any adjustment that may be made under By-Law 14, shall be in multiples of and not less than 100 AME Shares and always in multiples of 100 AME Shares or such amount constituting 1 board lot as permitted by Bursa Securities to be traded on Bursa Securities but subject to the Maximum Allowable Allotment as set out in By-Law 4.
- 5.3 Subject to By-Law 4, nothing herein shall prevent the ESOS Committee from making more than 1 Offer to an Eligible Person after the first Offer made at any 1 time provided always that the total aggregate number of new AME Shares to be offered to the Eligible Persons (inclusive of AME Shares already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allotment of such Eligible Person. Each Offer made to any Eligible Person by the ESOS Committee shall be separate and independent from any previous or later Offer made by the ESOS Committee to that Eligible Person.
- 5.4 Any Offer made by the ESOS Committee shall be in writing and such Offer is personal to the Eligible Person to whom the Offer is made, and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever.
- 5.5 Unless otherwise approved in writing by the ESOS Committee in its absolute discretion, an Offer shall within 30 days from the Date of Offer or such other period as the ESOS Committee may determine, automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by the AME Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in By-Law 6.

---

**DRAFT BY-LAWS (CONT'D)**

---

- 5.6 The ESOS Committee will in its letter of offer ("**Offer Letter**") to an Eligible Person set out the following information, including:
- (a) the number of ESOS Options that are being offered to the Eligible Person;
  - (b) the number of the new AME Shares that may be subscribed for under the Offer;
  - (c) the Exercise Price;
  - (d) the ESOS Option Period;
  - (e) the closing date for acceptance of the Offer;
  - (f) the manner of exercise of the ESOS Options; and
  - (g) any vesting conditions as may be stipulated by the ESOS Committee, if any.
- 5.7 The Company shall keep and maintain at its expense a register of Participants as required under Section 129 of the Act and shall enter in that register:
- (a) the names of Participant;
  - (b) the addresses of the Participant;
  - (c) the Maximum Allowable Allotment;
  - (d) the number of ESOS Options offered;
  - (e) the number of ESOS Options accepted;
  - (f) the number of ESOS Options exercised;
  - (g) the Date of Offer; and
  - (h) the Exercise Price.
- 5.8 In the event the Offer Letter contains an error on the part of the Company in stating any of the particulars referred to in By-Law 5.6 above, the Company shall issue a revised Offer Letter, stating the correct particulars of the Offer within 14 days of discovering such error and the revised particulars of the Offer shall take effect on the date of the revised Offer Letter except for ESOS Options which have already been exercised as at the date of the revised Offer Letter.
- 5.9 The Company shall, on the Date of Offer, announce the following to Bursa Securities upon the ESOS Options offered under the ESOS:
- (a) Date of Offer;
  - (b) Exercise Price of ESOS Options offered;
  - (c) number of ESOS Options offered;
  - (d) market price of its securities on the Date of Offer;
  - (e) number of ESOS Options offered to each executive Director, if any; and
  - (f) vesting period of the ESOS Options offered.

---

**DRAFT BY-LAWS (CONT'D)**

---

**6. ACCEPTANCE OF THE OFFER**

- 6.1 An Offer made by the ESOS Committee to an Eligible Person under By-Law 5 which shall be valid during the Offer Period, and such Offer shall be accepted by the Eligible Person within the Offer Period by giving a written notice to the ESOS Committee in such form as may be prescribed by the ESOS Committee of such acceptance and accompanied by a payment to the Company of a non-refundable cash consideration of Ringgit Malaysia One (RM1.00) only for the grant of the ESOS Options (regardless of the number of AME Shares comprised therein). The day of receipt of such written notice shall constitute the Date of Acceptance.
- 6.2 If the Offer is not accepted in the manner prescribed by the ESOS Committee, such Offer shall upon the expiry of the Offer Period automatically lapse and shall be null and void and be of no effect, and the new AME Shares comprised in such ESOS Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.
- 6.3 Within 30 calendar days after due acceptance of the Offer in accordance with the provisions of the By-Laws, the ESOS Committee shall issue to the Participant an ESOS Option Certificate in such form as may be determined by the ESOS Committee from time to time confirming the grant of the ESOS Option to a Participant, the Exercise Price together with the number of AME Shares comprised in the ESOS Option, and where applicable, the ESOS Option Period and any vesting conditions, if any, as specified in the Offer Letter.

**7. EXERCISE PRICE**

- 7.1 Subject to any adjustments in accordance with By-Law 14, the Exercise Price at which the Participant is entitled to subscribe for the new AME Shares, to be determined by the Board upon recommendation of the ESOS Committee, shall be fixed based on the 5-day volume weighted average market price of the AME Shares as traded on the Main Market of Bursa Securities immediately preceding the Date of Offer, and at the ESOS Committee's discretion with either a:
- (a) premium; or
  - (b) discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities.

The ESOS may be implemented in tranches, with each tranche being assigned with a different Exercise Price. The Exercise Price shall be stipulated in each ESOS Option Certificate.

- 7.2 The Exercise Price as determined by the Board shall be conclusive and binding on the Participants and shall be subject to any adjustments in accordance with By-Law 14.

**8. EXERCISE OF ESOS OPTIONS**

- 8.1 Subject to By-Law 9, an ESOS Option granted to a Participant under the ESOS is exercisable only by that Participant (in accordance with the terms set out in the Offer Letter) while the Participant is in the employment by or appointment in the AME Group within the ESOS Option Period.
- 8.2 Subject to any adjustments in accordance with By-Law 14, the ESOS Committee may, at any time and from time to time before or after an ESOS Option is granted pursuant to By-Law 6, limit the exercise of the ESOS Option to a maximum number of new AME Shares and/or such percentage of the total new AME Shares relevant to the ESOS Options during such periods (as determined by the ESOS Committee) within the ESOS Option Period and impose any other terms and conditions deemed appropriate by the ESOS Committee at its absolute discretion including amending/ varying any terms and conditions imposed earlier subject always to the provisions of By-Law 16.
- 8.3 All ESOS Options to the extent that they have not been exercised upon the expiry of the ESOS Option Period or ESOS Period (whichever the earlier) shall automatically lapse and become null and void and have no further effect.

**DRAFT BY-LAWS (CONT'D)**

- 8.4 The Participant shall notify the ESOS Committee in writing in the prescribed form of the Participant's intention to exercise the ESOS Option ("**Notice of Exercise**"). The ESOS Option may be exercised in respect of such lesser number of AME Shares as the Participant may so decide to exercise the ESOS Option subject to By-Law 5.2. Such partial exercise of the ESOS Option shall not preclude the Participant from exercising the ESOS Option as to the balance thereof at any time in the future but within the ESOS Option Period. The ESOS Option Certificate shall be endorsed by the ESOS Committee stating, inter-alia, the number of new AME Shares which remain capable of being exercised.
- 8.5 In the event the balance of AME Shares exercisable by a Participant in accordance with the By-Laws shall be less than 100 AME Shares, the said balance shall, if exercised, must be exercised in a single tranche.
- 8.6 Every such Notice of Exercise shall be accompanied by the relevant ESOS Option Certificate and a remittance in Ringgit Malaysia in the form of remittance by way of bank transfer, a banker's draft, or cashier's order drawn and payable in Malaysia or any other mode acceptable to the ESOS Committee for the full amount of the subscription monies in relation to the number of AME Shares in respect of which the written notice is given. The Company shall endeavour to allot and issue such new AME Shares to the Participant in accordance with the provisions of the Constitution, the Central Depositories Act and the Depository Rules, despatch the notice of allotment to the Participant and make an application for the listing and quotation for the new AME Shares within 8 Market Days from the receipt by the Company of the aforesaid notice and remittance from the Participant or such other period as may be prescribed by Bursa Securities.
- 8.7 The Participant who exercises his ESOS Option shall provide the ESOS Committee with his CDS Account number in the notice referred to in By-Law 8.3. The new AME Shares to be issued pursuant to the exercise of an ESOS Option will be credited directly into the CDS Account of the Participant and a notice of allotment stating the number of shares credited into the CDS Account will be issued to the Participant. No physical share certificate will be issued to the Participant.
- 8.8 Any failure to comply with the foregoing provisions and/or to provide all information as required in the Notice of Exercise or inaccuracy in the information provided shall result in the Notice of Exercise being rejected. The ESOS Committee shall inform the Participant of the rejection of the Notice of Exercise and the Participant shall then be deemed not to have exercised his ESOS Options.

**9. NON-TRANSFERABILITY, TERMINATION OF UNEXERCISED ESOS OPTIONS AND SUSPENSION**

- 9.1 Subject to By-Laws 9.2 and 9.3, any Unexercised ESOS Option in respect of the ESOS shall forthwith lapse and/or be deemed to be cancelled and/or cease to be exercisable, as the case may be, without any claim against the Company and the ESOS Committee upon occurrence any 1 or more of the following events:
- (a) service of a notice of resignation of the Participant; or
  - (b) service of a notice of termination on or termination or cessation of employment of the Participant with the AME Group by reason of breach of contract or misconduct; or
  - (c) bankruptcy of the Participant.

The AME Shares in respect of such Unexercised ESOS Option may be re-offered to other Eligible Persons at the discretion of the ESOS Committee.

- 9.2 In the event of the termination or cessation of employment of the Participant in any of the following circumstances:
- (a) retirement at or after attaining normal retirement age under the AME Group's retirement policy; or

---

**DRAFT BY-LAWS (CONT'D)**

---

- (b) retirement before the normal retirement age with the consent of his employer being a company within the AME Group; or
- (c) resignation or termination of the employment of the Participant by reason of ill-health, injury or physical or mental disability; or
- (d) expiration of the employment contract of the Participant; or
- (e) retrenchment or redundancy, pursuant to the acceptance by that Participant of a voluntary separation scheme offered by the AME Group; or
- (f) any other circumstances as may be determined by the ESOS Committee;

the ESOS Committee may, subject to their discretion, permit the exercise of any Unexercised ESOS Option by the Participant within 30 days from the date of occurrence of any of the circumstances set out in By-Law 9.2 herein subject to such terms and conditions as may be prescribed. notwithstanding that:

- (i) the ESOS Option Period has not commenced; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

Any Unexercised ESOS Option shall forthwith lapse and/or be deemed to be cancelled and/or cease to be exercisable after 30 days from the date of occurrence of the circumstances set out in By-Law 9.2 above or such other period as may be determined by the ESOS Committee, as the case may be, without any liability to or right to claim against the Company and the ESOS Committee. The AME Shares in respect of such ESOS Option may be re-offered to other Eligible Persons at the discretion of the ESOS Committee.

- 9.3 In the event of death of the Participant, By-Law 9.2 shall apply mutatis mutandis to the Participant's legal or personal representatives as if the Participant's legal or personal representatives were the Participant.
- 9.4 All ESOS Options which the ESOS Committee permits to be exercisable pursuant to By-Law 9.2 shall automatically lapse and shall become null and void to the extent unexercised by the date prescribed by the ESOS Committee notwithstanding that the ESOS Option Period has not commenced or has not expired.
- 9.5 In the event that a Participant is subject to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of services of such Participant), the ESOS Committee have the right, at its discretion, to suspend the rights of the Participant to exercise the Participant's ESOS Option pending the outcome of such disciplinary proceedings. The ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against such Participant, provided always that:
- (a) in the event such Participant shall subsequently be found not guilty of the charge which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Participant to exercise the Participant's ESOS Option as if such disciplinary proceeding had not been instituted in the first place; or
  - (b) in the event such Participant is found guilty of the charge and the same results in the dismissal or termination of service of such Participant, the ESOS Option shall immediately upon pronouncement of the dismissal or termination of service of such Participant, automatically lapse without notice and thereafter shall be null and void and be of no effect notwithstanding that such recommendation may be subsequently challenged by the Participant in any other forum; or

---

**DRAFT BY-LAWS (CONT'D)**

---

- (c) in the event such Participant is found guilty of the charge but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its absolute discretion whether or not the Participant may continue to exercise the Participant's ESOS Option and, if so, to impose such terms and conditions as it deems appropriate, for the exercise thereof; or
- (d) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the ESOS Option Period, the ESOS Option of such Participant shall immediately lapse on the expiry of the ESOS Option Period without notice;

and nothing herein shall impose any obligation on the ESOS Committee to enquire into or investigate the validity of such disciplinary proceedings and the ESOS Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the ESOS Committee's exercise of or failure to exercise any of its rights under the By-Laws.

- 9.6 Any Offer which has been made by the ESOS Committee to the Eligible Person but have not been accepted by the Eligible Person in the manner prescribed in By-Law 6 arising from the Participant's death, cessation or termination of employment with the AME Group for whatever reason as the case may be, shall become null and void and be of no effect.
- 9.7 The ESOS Committee may, in its absolute discretion, change or waive any of the requirements and/or timing as set out in the By-Law 9.2.

## **10. TAKE-OVER AND COMPULSORY ACQUISITION, DISPOSAL OF ASSETS, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.**

- 10.1 In the event:
  - (a) of a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror) and such takeover offer is announced by the Offeror as being unconditional or have become unconditional, upon determination of the ESOS Committee at its absolute discretion, any Unexercised ESOS Options may immediately be exercised by the Participant or Participant's legal and personal representatives, as the case may be, during the offer period (as defined under the Rules on Take-Overs, Mergers and Compulsory Acquisitions) or until the expiry of the ESOS Option Period, whichever is earlier;
  - (b) of the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of the AME Shares under the provisions of the Act and/or Capital Markets And Services Act, 2007 or other relevant law applicable at the material time and gives notice to the Company that it intends to exercise such right on a specific date, any Unexercised ESOS Options may immediately be exercised by the Participant or Participant's legal and personal representatives, as the case may be, from the date of service of the said notice to the Company until and inclusive of the date on which the right of the compulsory acquisition is exercised or until the expiry of the ESOS Option Period, whichever is earlier; or
  - (c) if the Company disposes of all or substantially all of its assets and the disposal becomes unconditional, any Unexercised ESOS Options may immediately be exercised by the Participant or Participant's legal and personal representatives, as the case may be, commencing from the unconditional date of the said disposal until the date prescribed by the ESOS Committee within the ESOS Option Period;

**DRAFT BY-LAWS (CONT'D)**

subject to such terms and conditions (if any) as may be prescribed by the ESOS Committee notwithstanding that:

- (i) the ESOS Option Period has not commenced; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

10.2 In the event of:

- (a) the court sanctioning a compromise or arrangement between the Company and its members for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company or its amalgamation with any other company or companies or a privatisation via selective capital reduction, the ESOS Committee at its absolute discretion, may permit the exercise of any Unexercised ESOS Options by the Participant or Participant's legal and personal representatives, as the case may be, at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court or a date to be specified by the ESOS Committee within the ESOS Option Period up to such period as may be determined by the ESOS Committee provided that no ESOS Options shall be exercised after the expiry of the ESOS Option Period; or
- (b) in the event the Company decides to merge with other company or companies, the ESOS Committee may permit the exercise of any Unexercised ESOS Options by the Participant or Participant's legal and personal representatives, as the case may be, at any time commencing from the unconditional date of the said transaction until the date prescribed by the ESOS Committee within the ESOS Option Period.

subject to such terms and conditions as may be prescribed notwithstanding that:

- (i) the ESOS Option Period has not commenced; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

10.3 All ESOS Options which the ESOS Committee permits to be exercisable pursuant to By-Law 10 shall automatically lapse and shall become null and void to the extent unexercised by the date prescribed by the ESOS Committee notwithstanding that the ESOS Option Period has not commenced or has not expired.

**11. RANKING OF NEW SHARES**

11.1 The new AME Shares shall, upon allotment and issuance, rank *pari passu*, in all respects with the then existing issued AME Shares except that they will not be entitled to any dividend, right, allotment and/or any other distribution where the entitlement date (namely the date as at the close of business on which shareholders must be entered in the Record of Depositors with Bursa Depository in order to be entitled to any dividend, right, allotment and/or other distribution) precedes the date of allotment of the new AME Shares.

11.2 The Participants shall not in any event be entitled to any dividend, right, allotment and/or any other distribution until and unless such Participants exercise their ESOS Options into new AME Shares and such new AME Shares are credited into the Participant's respective CDS Accounts.

11.3 The new AME Shares allotted and credited into the CDS Accounts would also carry rights to vote at any general meeting of the Company provided that the shareholder is registered on the entitlement date as at the close of business to be entitled to attend and vote at the general meeting.

**DRAFT BY-LAWS (CONT'D)****12. RETENTION PERIOD**

- 12.1 The new AME Shares allotted and issued to the Participants pursuant to the exercise of the ESOS Options will not be subject to any condition relating to any retention period or restriction on transfer, disposal and/or assignment. An Eligible Person should note that the AME Shares are encouraged for him/her to hold as an investment rather than for any speculative purposes and/or the realisation of any immediate gain.

**13. LISTING OF AND QUOTATION FOR THE NEW SHARES**

- 13.1 Upon the exercise of any ESOS Options in accordance with By-Law 8, the Company shall apply to Bursa Securities for the listing and quotation for such new AME Shares on the Main Market of Bursa Securities.
- 13.2 The Company and the ESOS Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the new AME Shares or in procuring Bursa Securities to list the new AME Shares for which the Participant is entitled to subscribe.

**14. ALTERATION OF SHARE CAPITAL DURING THE ESOS OPTION PERIOD**

- 14.1 In the event of any alteration in the capital structure of the Company during the ESOS Period, whether by way of capitalisation of profit or reserves, rights issue, bonus issue, reduction, subdivision or consolidation of shares or capital or any other variations of capital or howsoever otherwise taking place, the Board shall have the absolute discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustments (if any) to be made to:
- (i) the Exercise Price; and/or
  - (ii) the number of the new AME Shares comprised in the ESOS Options granted to each Participant (excluding ESOS Options already exercised).

Subject to the ESOS Committee's absolute discretion, any adjustment pursuant to this By-Law 14 shall be made in accordance with the following formula:

- (a) If and whenever an AME Share by reason of any consolidation or subdivision of AME Shares, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A \times C}{B}$$

$$\text{Additional number of AME Shares comprised in the ESOS Options} = \left[ T \times \frac{B}{A} \right] - T$$

Where:

- A = the aggregate number of issued AME Shares immediately before such consolidation or subdivision
- B = the aggregate number of issued AME Shares immediately after such consolidation or subdivision
- C = existing Exercise Price

---

**DRAFT BY-LAWS (CONT'D)**


---

T = existing number of the new Shares comprised in the ESOS Options held.

Each such adjustment will be effective from the commencement of the next Market Day following the entitlement of such issue.

- (b) If and whenever the Company shall make any issue of AME Shares to its ordinary shareholders credited as fully paid-up, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable), the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

and the additional number of new AME Shares comprised in the ESOS Options which a Participant may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of AME Shares comprised in the ESOS Options} = \left[ T \times \frac{A + B}{A} \right] - T$$

where:

- A = the aggregate number of issued and fully paid Shares on the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividend, right, allotment and/or other forms of distribution) immediately before such bonus issue or capitalisation issue;
- B = the aggregate number of new Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully paid by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable); and
- T = existing number of the new Shares comprised in the ESOS Options held.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (c) If and whenever the Company shall make:
- (i) a Capital Distribution (as defined below) to its ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
  - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for AME Shares by way of rights; or
  - (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into AME Shares or securities with rights to acquire or subscribe for AME Shares,

then and in respect of each such case, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

## DRAFT BY-LAWS (CONT'D)

and in respect of the case referred to in By-Law 14.1(c)(ii) hereof, the additional number of the new AME Shares comprised in the ESOS Options which a Participant may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of AME Shares comprised in the ESOS Options} = \left[ T \times \frac{C}{C - D^*} \right] - T$$

where:

T = T in By-Law 14.1(b);

C = the Current Market Price (as defined in By-Law 14.1(g)) of each AME Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (aa) in the case of an offer or invitation to acquire or subscribe for the AME Shares under By-Law 14.1(c)(ii) above or for securities convertible into the AME Shares or securities with rights to acquire or subscribe for the AME Shares under By-Law 14.1(c)(iii) above, the value of rights attributable to 1 Share (as defined below); or  
 (bb) in the case of any other transaction falling within By-Law 14.1(c), the fair market value, as determined (with the concurrence of the Auditors and/or the Adviser), of that portion of the Capital Distribution attributable to 1 Share.

For the purpose of definition of "D" in (aa) above, the "value of rights attributable to 1 Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

C = C in By-Law 14.1(c);

E = the subscription price for 1 additional Share under the terms of such offer or invitation or subscription for 1 additional security convertible into AME Shares or 1 additional security with rights to acquire or subscribe for AME Shares;

F = the number of AME Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for 1 additional Share or security convertible into AME Shares or with right to acquire or subscribe for AME Shares; and

D\* = the value of the rights attributable to 1 Share (as defined below).

For the purpose of D\* above, the "value of the rights attributable to 1 Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where:

C = C in By-Law 14.1(c);

## DRAFT BY-LAWS (CONT'D)

E\* = the subscription price for 1 additional Share under the terms of such offer or invitation to acquire or subscribe for AME Shares; and

F\* = the number of AME Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for 1 additional Share.

For the purpose of By-Law 14.1(c) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of AME Shares (other than an issue falling within By-Law 14.1(b)) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable).

Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

(d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 14.1(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 14.1(c)(ii) or By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 14.1(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 14.1(c)(ii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the additional number of AME Shares comprised in the ESOS Options which a Participant may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of AME Shares comprised in the ESOS Options} = \left[ T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

B = B in By-Law 14.1(b);

C = C in By-Law 14.1(c);

G = the aggregate number of issued AME Shares on the entitlement date;

H = the aggregate number of new AME Shares under an offer or invitation to acquire or subscribe for AME Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into AME Shares or rights to acquire or subscribe for AME Shares, as the case may be;

H\* = the aggregate number of new AME Shares under the offer or invitation to acquire or subscribe for AME Shares by way of rights;

**DRAFT BY-LAWS (CONT'D)**

- I = the subscription price of 1 additional Share under the offer or invitation to acquire or subscribe for AME Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional Share, as the case may be;
- I\* = the subscription price of 1 additional Share under the offer or invitation to acquire or subscribe for AME Shares; and
- T = T in By-Law 14.1(b).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for AME Shares as provided in By-Law 14.1(c)(ii) together with an offer or invitation to acquire or subscribe for securities convertible into AME Shares or securities with rights to acquire or subscribe for AME Shares as provided in By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the additional number of AME Shares comprised in the ESOS Options which a Participant may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of AME Shares comprised in the ESOS Options} = \left[ T \times \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

- C = C in By-Law 14.1(c);
- G = G in By-Law 14.1(d);
- H = H in By-Law 14.1(d);
- H\* = H\* in By-Law 14.1(d);
- I = I in By-Law 14.1(d);
- I\* = I\* in By-Law 14.1(d);
- J = the aggregate number of AME Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for AME Shares by the ordinary shareholders of the company;
- K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional Share; and
- T = T in By-Law 14.1(b).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

## DRAFT BY-LAWS (CONT'D)

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.1(b) and also makes an offer or invitation to acquire or subscribe for AME Shares to its ordinary shareholders as provided in By-Law 14.1(c)(ii) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for AME Shares as provided in By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the additional number of AME Shares comprised in the ESOS Options which a Participant may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of AME Shares comprised in the ESOS Options} = \left[ T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

- B = B in By-Law 14.1(b);  
 C = C in By-Law 14.1(c);  
 G = G in By-Law 14.1(d);  
 H = H in By-Law 14.1(d);  
 H\* = H\* in By-Law 14.1(d);  
 I = I in By-Law 14.1(d);  
 I\* = I\* in By-Law 14.1(d);  
 J = J in By-Law 14.1(e);  
 K = K in By-Law 14.1(e); and  
 T = T in By-Law 14.1(b).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

- (g) For the purposes of By-Laws 14.1(c), (d), (e) and (f) above, the "Current Market Price" in relation to 1 Share for any relevant day shall be the volume weighted average market prices for 5 consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by Bursa Securities.

Such adjustments (other than on a bonus issue) must be confirmed in writing by either the Auditor or Adviser, acting as an expert and not as arbitrator, by the ESOS Committee, to be in their opinion, fair and reasonable, provided always that:

- (A) any adjustment to the Exercise Price shall be rounded down to the nearest 1 sen;  
 (B) in the event that a fraction of a new Share arising from the adjustment referred to in this By-Law 14 would otherwise be required to be issued, the Participant's entitlement shall be rounded down to the nearest whole number;

---

**DRAFT BY-LAWS (CONT'D)**


---

- (C) upon any adjustment being made pursuant to this By-Law 14, the ESOS Committee shall, within 21 days of the effective date of the alteration in the capital structure of the Company, notify the Participant (or his legal representatives where applicable) in writing informing him of the adjusted Exercise Price thereafter in effect and/or the revised number of new Options thereafter to be issued; and
- (D) any adjustments made must be in compliance with the provisions for adjustment as provided in this By-Law 14.

In addition, the Company shall, at the request of the Participant, furnish such Participant with a copy of the certificate from the Auditor to the effect that the opinion of such Auditor or Adviser, acting as an expert and not an arbitrator, an adjustment is fair and reasonable either generally or as regard such Participant, and such certification shall be final and binding on all parties.

For the avoidance of doubt, any adjustments to the Exercise Price and/or the number of the new AME Shares comprised in the ESOS Options so far as unexercised arising from bonus issues, need not be confirmed in writing by the Auditor or the Adviser.

14.2 No adjustments shall be made to the Exercise Price and/or the number of the new AME Shares comprised in the ESOS Options or any portion thereof that is unexercised when the alteration in the capital structure of the Company arises from:

- (a) an issue of new AME Shares upon the exercise of ESOS Options pursuant to the ESOS; or
- (b) an issue of new AME Shares arising from the exercise of any conversion rights attached to securities convertible to new AME Shares or upon exercise of any other rights including warrants (if any) issued by the Company; or
- (c) an issue of securities as consideration or part consideration for an acquisition of securities, assets or business by the AME Group; or
- (d) private placement or restricted issue or special issue of new AME Shares by the Company; or
- (e) an issue of securities as a special issue of new AME Shares to Bumiputera parties or investors approved by the Ministry of International Trade and Industry, Malaysia and/or other relevant governmental authorities to comply with the government policy on Bumiputera capital participation; or
- (f) a purchase by the Company of its own AME Shares and the cancellation of all or a portion of the AME Shares pursuant to the relevant provisions of the Act; or
- (g) an issue by the Company of AME Shares or of securities convertible into AME Shares or securities with rights to acquire or subscribe for AME Shares to its officers, including Directors, or employees of the Company or any of its Subsidiaries pursuant to purchase or option schemes approved by the shareholders in general meeting; or
- (h) any issue of AME Shares by the Company pursuant to a dividend reinvestment scheme undertaken in accordance with the Listing Requirements or for any purpose whatsoever.

14.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2 of Division 7 of the Act, By-Law 14.1 shall be applicable in respect of such parts of the scheme which involves any alteration in the capital structure of the Company to which By-Law 14.1 is applicable, but By-Law 14.1 shall not be applicable in respect of such parts of the scheme which involves any alteration in the capital structure of the Company to which By-Law 14.2 is applicable.

---

**DRAFT BY-LAWS (CONT'D)**

---

- 14.4 Notwithstanding the provisions referred to in the By-Laws, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Exercise Price and/or the number of ESOS Options should not be made be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Exercise Price and/or the number of ESOS Options notwithstanding that no such adjustment formula has been explicitly set out in this By-Laws.

**15. ADMINISTRATION OF THE ESOS**

- 15.1 The ESOS shall be administered by the ESOS Committee consisting of Directors and/or other persons appointed by the Board from time to time. The Board shall have the discretion as it deems fit from time to time to approve, rescind and/or revoke the appointment of any person in the ESOS Committee and appoint replacement members to the ESOS Committee, assume and/or exercise or execute any of the powers and authorities conferred upon the ESOS Committee pursuant to the By-Laws, as well as to amend, modify or vary the terms of reference of the ESOS Committee. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board.
- 15.2 The ESOS Committee may for the purpose of administering the ESOS do all acts and things and/or caused the Company to enter into any transaction, agreement, deed, document or arrangement, make rules, regulations or impose terms and conditions or delegate part of its powers relating to the ESOS, which the ESOS Committee may in its discretion consider to be necessary or desirable to give full effect to the ESOS and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company.
- 15.3 The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the ESOS or in any agreement providing for an ESOS Option in a manner and to the extent it shall deem necessary to expedite and make the ESOS fully effective.

**16. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE ESOS**

- 16.1 Subject to By-Law 16.2 and compliance with the Listing Requirements and the approvals of any other authorities (if required), the ESOS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation subject to the Company submitting a confirmation letter to Bursa Securities (within 5 Market Days after the effective date of the modification, variation and/or amendment of the By-Laws) each time any modification, variation and/or amendment is made, that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to share issuance schemes and Depository Rules pursuant to Paragraph 2.12 of the Listing Requirements.
- 16.2 Subject to By-Law 16.3, the approval of the shareholders of the Company in general meeting shall not be required in respect of the modification, variation and/or amendment of the By-Laws provided that no modification, variation and/or amendment made to the By-Laws which would:
- (a) materially prejudice any rights which would have accrued to any Participant without his/her prior consent; or
  - (b) increase the number of AME Shares available under the ESOS beyond the maximum imposed by By-Law 2.1; or

---

**DRAFT BY-LAWS (CONT'D)**

---

- (c) alter any matter which are required to be contained in the By-Laws by virtue of Appendix 6E of the Listing Requirements to the advantage of any Participant or group of Participants or all Participants;

unless a shareholders' approval is obtained at a general meeting.

- 16.3 For the purpose of complying with the provisions of the Listing Requirements, the By-Laws shall not be amended or altered in any way whatsoever for the advantage of the Participants of the ESOS without the prior approval of shareholders in general meeting.
- 16.4 The ESOS Committee shall within 5 Market Days of any modification and/or amendment made pursuant to these By-Laws, notify the Participant in writing of any modification and/or amendment made pursuant to these By-Laws.

**17. LIQUIDATION OF THE COMPANY**

- 17.1 In the event that any order is made or resolution is passed for the liquidation of the Company, all unexercised or partially exercised ESOS Options shall automatically lapse and shall be null and void and have no further effect, in which event the ESOS Option shall be automatically terminated on the following date:
  - (a) in the case of a voluntary winding-up, the date on which a provisional liquidator is appointed by the Company; or
  - (b) in the case of an involuntary winding-up, the date on which a petition for winding up is served on the Company.

Notwithstanding the above, the ESOS Committee will consider, to the extent permitted by law, whether or not to allow exercise of any unexercised or partially exercised ESOS Options subject to such terms and conditions as may be prescribed and will take into account all circumstances on case-to-case basis, including (but not limited to) the contributions of the Participants.

**18. DURATION**

- 18.1 The ESOS shall be in force for a period of 5 years (subject however to any extension of the ESOS as provided under this By-Laws) commencing from the Effective Date, which shall be the date of full compliance with all relevant requirements including the following:
  - (a) approval of Bursa Securities for the listing and quotation for new AME Shares to be issued pursuant to the exercise of the ESOS Options granted under the ESOS;
  - (b) approval of the Shareholders at a general meeting;
  - (c) submission of the final copy of these By-Laws to Bursa Securities together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
  - (d) approvals of any other relevant regulatory authorities, where applicable; and
  - (e) fulfilment of all conditions attached to the above approvals (if any).
- 18.2 The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance with the relevant requirements of the Listing Requirements stating the Effective Date of implementation of the ESOS together with a certified true copy of a resolution passed by the shareholders of the Company in general meeting approving the ESOS. The confirmation letter shall be submitted to Bursa Securities no later than 5 Market Days after the Effective Date.

---

**DRAFT BY-LAWS (CONT'D)**

---

- 18.3 Subject to By-Law 22, on or before the expiry of the ESOS, the Board shall have the discretion whether or not, upon the recommendation of the ESOS Committee, to extend in writing the tenure of the ESOS for another 5 years or such shorter period as it deems fit immediately from the expiry of the first 5 years. The ESOS shall continue to be in force commencing on the date which the last of the approvals and/or conditions stipulated in the By-Laws have been obtained and/or complied with.

On expiry of the ESOS, any ESOS Options which have yet to be granted, vested or exercised (whether fully or partially) shall be deemed cancelled and be null and void.

- 18.4 Any extended ESOS under this provision shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations then in force. Unless otherwise required by Bursa Securities, no further approvals shall be required for the extension of the ESOS provided that the Company shall serve appropriate notices on each Participant and make any announcements to Bursa Securities (if required) within 30 days prior to the expiry of the ESOS.

**19. FEES, COSTS, EXPENSES AND TAXES**

- 19.1 Save as otherwise provided for in the ESOS and the Constitution, all fees, costs and expenses incurred in relation to the ESOS relating to the allotment and issuance of the new AME Shares pursuant to the exercise of any ESOS Option, shall be borne by the Company.

All taxes (including income tax), if any, arising from the exercise of any ESOS Option under the ESOS shall be borne by the Eligible Person.

- 19.2 Notwithstanding this, the Participant shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise of the ESOS Options under the ESOS and any holding or dealing of AME Shares to be allotted and issued pursuant to the exercise of the ESOS Options, including brokerage commissions and stamp duties.

- 19.3 Any cost in relation to the loss of ESOS Option Certificate will be fully borne by the Participant and such Participant will have to sign a statutory declaration to declare the loss of the ESOS Option Certificate.

**20. DISPUTES/ DIFFERENCES**

- 20.1 In the event of any dispute or difference between the ESOS Committee and an Eligible Person or Participant, as the case may be, as to any matter of any nature arising under the ESOS, the ESOS Committee shall determine such dispute or difference by a written decision (without any obligation to give any reason thereof) given to the Eligible Person or Participant, as the case may be. The said decision shall be final and binding on the parties unless the Eligible Person or Participant, as the case may be, within 14 calendar days of the receipt thereof by written notice to the ESOS Committee, disputes the same in which case such dispute or difference shall be referred to the Auditors, for the time being of the Company, which the ESOS Committee may at its discretion decide, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.

- 20.2 Notwithstanding the foregoing provisions of By-Law 20.1 above, matters concerning adjustments made pursuant to By-Law 14 shall be referred to the Auditor or Adviser, acting as an expert and not as arbitrator and whose decision shall be final and binding in all respects.

---

**DRAFT BY-LAWS (CONT'D)**


---

**21. DIVESTMENT FROM AND TRANSFER TO/FROM THE AME GROUP**

21.1 If the Participant who was in the employment of a company in the AME Group which was subsequently divested from the AME Group resulting in that company ceasing to be a subsidiary, unless approved by the ESOS Committee in writing, the ESOS Options unexercised on the date of such company ceasing to be a subsidiary, shall be null and void and be of no effect. Such Participant shall not be eligible to participate for further ESOS Option under the ESOS.

21.2 In the event that the Participant is transferred from the AME Group to any associated companies of the AME Group (which definition shall be that which is adopted by the Malaysian Accounting Standard Board) or to any related companies (as defined in Section 7 of the Act) of the Company which have an existing share issuance scheme in which the Participant will be entitled to participate, unless approved by the ESOS Committee in writing, the ESOS Options unexercised on the date of transfer shall be null and void and be of no effect.

If the associated company does not have an existing share issuance scheme in which the Participant will be entitled to participate, the ESOS Committee shall have the absolute discretion to determine whether the ESOS Options unexercised by the Participant will continue to be capable of exercise and the period in which it is capable of being exercised.

21.3 In the event that:

- (a) an employee who was employed in a company which is related to the Company pursuant to Section 7 of the Act (that is to say, a company which does not fall within the definition of "the AME Group") and is subsequently transferred from such company to any company within the AME Group; or
- (b) an employee who was in the employment of a company which subsequently becomes a member of the AME Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the AME Group with any of the first mentioned company stated in (a) above;

(the first abovementioned company in (a) and (b) herein referred to as the "**Previous Company**"), such an employee of the Previous Company will be eligible to participate in this ESOS for its remaining ESOS Option Period, if the affected employee becomes an Eligible Person within the meaning under the By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the AME Group pursuant to subsection (b) above as a subsidiary as defined in Section 4 of the Act or any other statutory regulation in place thereof during the ESOS Period, the ESOS shall apply to the employees of such company on the date such company becomes a subsidiary of the AME Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of Eligible Person under By-Law 1 and the provisions of the By-Laws shall apply.

A company shall be deemed to be divested from the AME Group or disposed of from the AME Group in the event that the effective interest of the Company in such company is reduced from 50% and above to less than 50% so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act.

**22. TERMINATION OF THE ESOS**

22.1 Subject to compliance with the requirements of Bursa Securities and any other authorities, the ESOS may be terminated by the Company at any time before its expiry without obtaining the approvals or consents from the Participants or its shareholders provided that the Company makes an announcement immediately to Bursa Securities. The announcement shall include:

- (a) the effective date of termination of the ESOS ("**Termination Date**");
- (b) the number of ESOS Options exercised or AME Shares vested; and
- (c) the reasons for termination of the ESOS.

---

**DRAFT BY-LAWS (CONT'D)**

---

- 22.2 In the event of termination as stipulated by By-Law 22.1 above, the following provisions shall apply:
- (a) no further Offers shall be made by the ESOS Committee from the Termination Date;
  - (b) all Offers which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date; and
  - (c) all outstanding ESOS Options which have yet to be exercised by the Participants shall be automatically lapsed on the Termination Date.

**23. DISCLAIMER OF LIABILITY**

- 23.1 Notwithstanding any provisions contained herein and subject to the Act, the Company, the Board and the ESOS Committee shall not under any circumstances and in any event be held liable to any person for any cost, charges, losses, expenses, damages or liabilities whatsoever arising, including but not limited to any delay on the part of the Company in allotting and issuing the new AME Shares or in procuring Bursa Securities to list the new AME Shares subscribed for by a Participant.

**24. ESOS NOT A TERM OF EMPLOYMENT**

- 24.1 This ESOS does not form part of or constitute or in any way be construed as a term and condition of employment of any Eligible Person. The ESOS shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the AME Group under which the Eligible Person is employed nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment.

**25. NO COMPENSATION**

- 25.1 No Eligible Person or Participant who ceases to hold office in or employment with the AME Group shall be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the ESOS which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.
- 25.2 The Company, the Board and/or the ESOS Committee shall not be liable for any compensation, loss or damages of any claim, action or proceeding by any Eligible Person or Participant or legal or personal representatives whatsoever and howsoever arising from the suspension of rights to exercise his ESOS Options, ceasing to be valid pursuant to the provisions of the By-Laws, as may be amended from time to time in accordance with By-Law 16 hereof.

**26. RIGHTS OF PARTICIPANTS**

- 26.1 The ESOS Options shall not carry any right to vote at any general meeting of the Company. The Participant shall not in any event be entitled to any dividend, right and/or other entitlement on his Unexercised ESOS Options.
- 26.2 Subject to the Constitution, all Participants are entitled to inspect the latest audited financial statements of the Company during the usual business hours on any working day at the registered office of the Company.

---

**DRAFT BY-LAWS (CONT'D)**

---

**27. ERRORS AND OMISSIONS**

- 27.1 If in consequence of an error or omission, the ESOS Committee discovers/determines that:
- (a) an Eligible Person who was selected by the ESOS Committee has not been given the opportunity to participate in the ESOS on any occasion; or
  - (b) the number of AME Shares allotted and issued to any Participant pursuant to an exercise of ESOS Options under the ESOS on any occasion is found to be incorrect,

and such error or omission cannot be corrected within the relevant period specified in the ESOS, the ESOS Committee may do all such acts and things to rectify such error or omission, but not limited to, all acts and things to ensure that the Eligible Person is given the opportunity to participate in the ESOS and/or the aggregate number of new AME Shares to which the Participant is correctly entitled to is credited into his CDS Account and/or to withdraw the Offer given to the employee or executive Director who was erroneously selected as an Eligible Person.

**28. CONSTITUTION**

- 28.1 Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the By-Laws of the ESOS and the Constitution, the provisions of the Constitution shall at all times prevail, save and except where such provisions of the By-Laws are included pursuant to the Listing Requirements.

**29. NOTICE**

- 29.1 Any notice under the ESOS required to be given to or served upon the ESOS Committee by an Eligible Person or a Participant or any correspondence to be made between an Eligible Person or Participant to the ESOS Committee shall be given or made in writing and sent to the registered office of the Company or such other office which the ESOS Committee may have stipulated for a particular purpose by hand (with acknowledgement of receipt) or registered letter or electronic media, including but not limited to electronic mail.
- 29.2 Unless otherwise provided in the By-Laws, any notice which under the ESOS is required to be given to or served upon an Eligible Person or Participant or any correspondence to be made with an Eligible Person or Participant shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, facsimile, registered letter or electronic media, including but not limited to electronic mail, addressed to the Eligible Person or Participant at the place of employment or at the last facsimile number or address known to the Company as being his facsimile number or address or electronic mail address. Any notice served by hand, facsimile or post as aforesaid shall be deemed to have been received at the time when such notice if by hand is received and duly acknowledged, if by facsimile is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, if by registered letter would in the ordinary course of post be delivered and if by electronic mail, is sent with a notification received after the sending of notice.
- 29.3 Notwithstanding By-Law 29.2, where any notice is required to be given by the Company or the ESOS Committee under the By-Laws in relation to matters which may affect all the Eligible Persons or Participants, as the case may be, the Company or ESOS Committee may give notice through an announcement to all employees of the AME Group to be made in such manner deemed appropriate by the ESOS Committee. Upon the making of such an announcement, the notice to be made under By-Law 29.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Participants, as the case may be.

---

**DRAFT BY-LAWS (CONT'D)**

---

**30. SEVERABILITY**

- 30.1 If at any time any provision of the By-Laws is or becomes illegal, void or unenforceable in any respect, the same shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remainder thereof, and any such illegality, voidness or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

**31. DECISION OF THE ESOS COMMITTEE**

- 31.1 Any decision and/or determination made by the ESOS Committee under the By-Laws shall, in the absence of any manifest of error, be final and binding.

**32. GOVERNING LAW**

- 32.1 The ESOS, the By-Laws and all ESOS Options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia. The Eligible Person, by accepting the Offer in accordance with the By-Laws and terms of the ESOS and the Constitution, irrevocably submit to the exclusive jurisdiction of the courts in Malaysia.
- 32.2 Any Eligible Person to whom the Offer is granted is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they are granted the Offers.

**33. MULTIPLE ESOS**

- 33.1 The Company may implement more than 1 share issuance scheme, provided that the aggregate number of AME Shares available under all the share issuance schemes do not exceed the maximum number of Shares stipulated in the Listing Requirements.

**[END OF BY-LAWS]**

---

**ADDITIONAL INFORMATION**

---

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board who collectively and individually accepts full responsibility for the accuracy of the information given herein. The Board hereby confirms that, after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein false or misleading.

**2. CONSENT AND CONFLICT OF INTEREST**

RHBIB, being the Principal Adviser to AME for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

RHBIB, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad ("**RHB Bank**"), and the subsidiaries and associated companies of RHB Bank ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for the Company and/or its affiliates, in addition to the role as set out in this Circular. RHB Banking Group, its directors and major shareholders may from time to time hold or deal in the securities of the Company and/or its affiliates for their own accounts or their proprietary accounts.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with the Company and/or affiliates and/or any other entity or person, hold long or short positions in the securities offered by the Company and/or its affiliates, make investments recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of the Company and/or its affiliates.

The business of RHB Banking Group generally act independently of each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

As at the LPD, RHB Banking Group had extended credit facilities amounting to RM153.11 million ("**Credit Facilities**") (with an amount of approximately RM127.87 million outstanding) to AME Group. The Credit Facilities represent approximately 0.57% of the audited consolidated NA of RHB Bank of approximately RM27.02 billion as at 31 December 2020.

Notwithstanding the above, RHBIB is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser to AME for the Proposals is mitigated by the following:

- (a) RHBIB is a licensed investment bank and its appointment as the Principal Adviser to AME for the Proposals is in the ordinary course of its business and RHBIB does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to AME for the Proposals;

---

**ADDITIONAL INFORMATION (CONT'D)**


---

- (b) the Credit Facilities were approved by RHB Banking Group's relevant credit committee and granted on an arm's length basis and is not material when compared to the audited consolidated NA of RHB Bank of approximately RM27.02 billion as at 31 December 2020;
- (c) the Corporate Finance division of RHBIB is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- (d) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

As at the LPD, save as disclosed above, RHBIB confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser to AME for the Proposals.

### 3. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, there is no material commitment incurred or known to be incurred by the Group which may have a material impact on the financial results/position of the Group:

<b>Capital commitments</b>	<b>RM'000</b>
Contracted but not provided for:	
<ul style="list-style-type: none"> <li>• Property, plant and equipment</li> </ul>	<u>18,846</u>

### 4. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, there is no contingent liability incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/position of the Group:

AME Development Sdn Bhd ("**AME Development**"), a wholly-owned subsidiary of AME, had been served a Notice of Additional Assessment, dated 30 June 2021, by the Inland Revenue Board of Malaysia ("**IRB**"), for additional income tax and penalty amounting to RM7,162,159.10 for the year of assessment 2018 ("**Notice of Additional Assessment**"). The Notice of Additional Assessment was raised mainly pursuant to the dispute by the IRB on the withdrawal by AME Development, of stocks as investment properties.

AME Development had on 14 July 2021 filed an application for judicial review to the High Court of Malaya at Kuala Lumpur against the Notice of Additional Assessment raised by the IRB, via its tax solicitors.

The solicitors acting for AME Development is of the view that there will not be any imminent financial effects on the Company pending the outcome of the appeal.

---

**ADDITIONAL INFORMATION (CONT'D)**

---

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

Save as disclosed below, as at the LPD, the Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group:

- i. AME Construction Sdn Bhd ("**Plaintiff**" or "**Appellant**"), a wholly-owned subsidiary of Amsun Industries Sdn Bhd which in turn is a wholly-owned subsidiary of the Company, had on 6 November 2020 filed a Writ of Summons and Statement of Claim in the High Court of Malaya at Shah Alam ("**High Court**"), Selangor Darul Ehsan ("**Suit**") against Area Ventures Sdn Bhd ("**Defendant**"). The Plaintiff was engaged by the Defendant, via inter alia a principal letter of award dated 1 August 2016 ("**Project**") as its main contractor to carry out the construction works under the Project. The Defendant however had failed to pay the Plaintiff for part of the works done and completed under the Project. In order to resolve all the outstanding payment due from the Defendant to the Plaintiff under the Project, the Defendant had issued a settlement letter dated 19 June 2020 to the Plaintiff, which the Plaintiff has accepted. However, the Defendant has failed to pay the settlement sum due under the settlement letter to the Plaintiff, and the Plaintiff thereafter initiated the Suit to recover the sum due under the settlement letter.

The Plaintiff is now claiming against the Defendant the settlement sum of RM29,579,114.14 which consists of the following:

- (a) the sum of RM24,700,143.13;
- (b) the sum of RM4,878,971.01 due on 17 November 2020 and which the Defendant had failed to pay to the Plaintiff;
- (c) Interest at the rate of 5% per annum on RM24,700,143.13 to be calculated from 1 October 2020 until full realisation and if item 5(i)(b) mentioned as above is granted, interest at the rate of 5% per annum on RM4,878,971.01 to be calculated from 17 November 2020 until full realisation;
- (d) Costs on indemnity basis to be paid by the Defendant to the Plaintiff; and
- (e) Such further and/or other order or relief as the court thinks fit to grant.

Subsequently, the Defendant proceeded to file an application in the High Court to stay the proceedings and to refer the dispute to arbitration. On 17 February 2021, the High Court allowed the said application with cost of RM5,000 to be paid by the Plaintiff to the Defendant.

Dissatisfied with the High Court's decision, the Appellant had on 25 February 2021 filed a notice of appeal to appeal against the High Court's decision which allowed the Defendant's application to stay the proceedings pending arbitration.

The Court of Appeal Malaysia at Putrajaya ("**Court of Appeal**") had set the hearing for the appeal on 5 August 2021 in the Court of Appeal.

The solicitors acting for the Plaintiff is of the view that the Plaintiff is likely to be successful in recovering the settlement sum from this Suit against the Defendant. The Suit is not expected to materially affect the operations of the Group.

---

**ADDITIONAL INFORMATION (CONT'D)**

---

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Company's Registered Office at Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- i. Constitution of AME;
- ii. audited consolidated financial statements of AME Group for the past 2 financial years up to the FYE 31 March 2021;
- iii. draft Deed Poll;
- iv. draft By-Laws;
- v. letter of consent and declaration of conflict of interest referred to in Section 2 above; and
- vi. cause papers in respect of the material litigation referred to in Section 5 above.

<b>THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK</b>
--



**AME ELITE CONSORTIUM BERHAD**  
(Registration No. 201801030789 (1292815-W))  
(Incorporated in Malaysia)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting ("**EGM**") of AME Elite Consortium Berhad ("**AME**" or the "**Company**") will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting ("**RPEV**") facilities via online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC-D6A357657) on Thursday, 26 August 2021 at 11:30 a.m. or immediately following the conclusion of the Company's 3<sup>rd</sup> Annual General Meeting or at any adjournment thereof, scheduled to be held on the same day at 10:00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

### **ORDINARY RESOLUTION 1**

**PROPOSED BONUS ISSUE OF UP TO 213,557,550 NEW ORDINARY SHARES IN AME ("AME SHARES" OR "SHARES") ("BONUS SHARES") ON THE BASIS OF 1 BONUS SHARE FOR EVERY 2 EXISTING AME SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") ("PROPOSED BONUS ISSUE OF SHARES")**

**"THAT** subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Board of Directors of the Company ("**Board**") to issue and allot up to 213,557,550 Bonus Shares, credited as fully paid to the shareholders of the Company whose names appear in the Record of Depositors of the Company as at 5:00 p.m. on the Entitlement Date to be determined by the Board and announced by the Company at a later date, on the basis of 1 Bonus Share for every 2 existing AME Shares held;

**THAT** fractional entitlements arising from the Proposed Bonus Issue of Shares, if any, will be disregarded and dealt with in such manner as the Board in its absolute discretion deems fit, expedient and in the best interest of the Company;

**THAT** the Bonus Shares shall, upon issuance and allotment, rank equally in all respects with the then existing AME Shares, save and except that they will not be entitled to any dividend, right, allotment and/or any other distribution that may be declared, made or paid prior to the date of issuance and allotment of the Bonus Shares;

**AND THAT** the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary or expedient in order to implement, finalise, give effect and complete the Proposed Bonus Issue of Shares with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company."

## **ORDINARY RESOLUTION 2**

### **PROPOSED ISSUANCE OF UP TO 142,371,700 FREE WARRANTS IN AME ("WARRANTS") ON THE BASIS OF 1 WARRANT FOR EVERY 3 EXISTING AME SHARES HELD ON THE ENTITLEMENT DATE ("PROPOSED FREE WARRANTS ISSUE")**

**"THAT** subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Board to issue and allot up to 142,371,700 Warrants (with an exercise price to be determined at a later date) to the shareholders of the Company whose names appear in the Record of Depositors of the Company as at 5:00 p.m. on the Entitlement Date to be determined by the Board and announced by the Company at a later date, on the basis of 1 Warrant for every 3 existing AME Shares held, in accordance with the provisions of the Deed Poll constituting the Warrants to be executed by the Company ("**Deed Poll**");

**THAT** the Board be and is hereby authorised to enter into and execute the Deed Poll with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company subject to the provisions contained in the Deed Poll, and with full powers for the Board to implement, finalise and give full effect to the Deed Poll;

**THAT** the Board be and is hereby authorised to issue and allot such appropriate number of Warrants in accordance with the provisions of the Deed Poll and where required, to adjust the exercise price and/or the number of the Warrants to be issued (including, without limitation, any additional Warrants as may be required or permitted to be issued) in consequence of the adjustments pursuant to the provisions of the Deed Poll;

**THAT** the Board be and is hereby authorised to issue and allot such appropriate number of new AME Shares pursuant to the exercise of the Warrants or additional Warrants issued pursuant to adjustments as provided for under the Deed Poll by the Warrants holders in accordance with the provisions of the Deed Poll;

**THAT** fractional entitlements arising from the Proposed Free Warrants Issue, if any, will be disregarded and dealt with in such manner as the Board in its absolute discretion deems fit, expedient and in the best interest of the Company;

**THAT** the new AME Shares to be issued and allotted arising from the exercise of the Warrants shall, upon issuance and allotment, rank equally in all respects with the then existing AME Shares, save and except that they will not be entitled to any dividend, right, allotment and/or any other distribution that may be declared, made or paid prior to the date of issuance and allotment of such new AME Shares to be issued arising from the exercise of the Warrants;

**THAT** the Board be and is hereby authorised to utilise the proceeds to be raised from the exercise of the Warrants for such purposes and in such manner as set out in Section 2.2.5 of the Circular to shareholders of the Company dated 28 July 2021, and the Board be authorised with full powers to vary the manner and/or purpose of the utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities (where required) and in the best interest of the Company;

**AND THAT** the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements (including without limitations, the affixation of the Company's Common Seal) as may be necessary or expedient in order to implement, finalise, give effect and complete the Proposed Free Warrants Issue with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company."

### ORDINARY RESOLUTION 3

#### PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS" OR "SCHEME") OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF AME (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE SCHEME ("PROPOSED ESOS")

"**THAT** subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Board to establish the ESOS involving up to 10% of the total number of issued shares of the Company (excluding treasury shares, if any) from time to time for the benefit of eligible executive directors and employees of AME and its subsidiaries ("**AME Group**" or "**Group**") (excluding dormant subsidiaries, if any), and the Board be and is hereby authorised to:

- (i) to establish an ESOS committee to implement and administer the ESOS for the benefit of the Eligible Persons, in accordance with the by-laws governing the Proposed ESOS ("**By-Laws**") as set out in Appendix II of the Circular;
- (ii) issue and allot from time to time such number of new Shares as may be required to be issued pursuant to the exercise of options granted under the Proposed ESOS ("**ESOS Options**"), **PROVIDED THAT** the total number of new Shares to be issued under the Proposed ESOS shall not in aggregate exceed 10% of the total number of issued Shares of AME (excluding treasury shares, if any) at any point in time during the duration of the ESOS **AND THAT** the new Shares to be issued and allotted upon the exercise of any ESOS Options will, upon issuance and allotment, rank equally in all respects with the then existing AME Shares, save and except that they will not be entitled to any dividend, right, allotment, and/or other distribution, may be declared, made or paid prior to the date of issuance and allotment of such new Shares to be issued arising from the exercise of the ESOS Options;
- (iii) do all necessary and make such applications as may be necessary at the appropriate time or times to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the new Shares which may from time to time be issued and allotted arising from the exercise of the ESOS Options;
- (iv) modify, vary and/or amend the By-Laws from time to time as may be required/permitted by the authorities or deemed necessary by the authorities or the Board **PROVIDED THAT** such modifications, variations and/or amendments are effected in accordance with the provisions of the By-Laws relating to modifications, variations and/or amendments, deeds or undertakings, to deliver and/or impose such terms and conditions and/or delegate part of its powers as may be necessary or expedient in order to implement, finalise and give full effect to the ESOS; and
- (v) extend the duration of the ESOS, if the Board deems fit, for up to a maximum period of an additional 5 years ("**Extension**") upon the recommendation by the ESOS committee, **PROVIDED ALWAYS** that the initial ESOS period of 5 years and such Extension made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years or such other period as may be prescribed by Bursa Securities, and that the Board be and is hereby authorised to implement the Extension and do all such acts and things and to execute all necessary documents to give full effect to and complete the Extension with full power to assent to or make any modifications, variations and/or amendments as may be required by the relevant authorities and to take all steps and actions as may be required by the relevant authorities and as the Board may deem necessary and/or expedient to finalise, implement and give full effect to and complete the Extension.

**THAT** the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute all such documents and enter into all such arrangements, agreements, deeds and/or undertakings with any parties as they may deem fit necessary, expedient and/or appropriate in order to finalise, implement and/or give full effect to the Proposed ESOS and terms of the By-Laws with full power to consent to and to adopt and implement such conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Board may deem fit or necessary or expedient in the best interest of the Company.

**AND THAT** the draft By-Laws, as set out in Appendix II of the Circular, be and is hereby approved and adopted."

## ORDINARY RESOLUTIONS 4 TO 12

### PROPOSED ALLOCATION OF ESOS OPTIONS UNDER THE PROPOSED ESOS

"**THAT** subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Board to authorise the ESOS Committee, at any time and from time to time throughout the duration of the ESOS, to offer and grant to the following persons, ESOS Options to subscribe for new Shares under the Proposed ESOS:

(i)	Lee Chai ( <i>Group Managing Director</i> )	Ordinary Resolution 4
(ii)	Lim Yook Kim ( <i>Executive Director</i> )	Ordinary Resolution 5
(iii)	Kang Ah Chee ( <i>Executive Director</i> )	Ordinary Resolution 6
(iv)	Lee Sai Boon ( <i>Executive Director</i> )	Ordinary Resolution 7
(v)	Lee Ling Sien <sup>(a)</sup> ( <i>Marketing Manager</i> )	Ordinary Resolution 8
(vi)	Lim Pei Shi <sup>(b)</sup> ( <i>Head of Property Development Division</i> )	Ordinary Resolution 9
(vii)	Kang Koh Wei <sup>(c)</sup> ( <i>Head of Construction Division</i> )	Ordinary Resolution 10
(viii)	Lim Khai Wen <sup>(d)</sup> ( <i>Head of Engineering Division</i> )	Ordinary Resolution 11
(ix)	Lee Chun Kiat <sup>(e)</sup> ( <i>Corporate Planning Executive</i> )	Ordinary Resolution 12

#### Notes:

- (a) *Lee Ling Sien is the daughter to Lee Chai, sister to Lee Chun Kiat, cousin to Lim Pei Shi and Lim Khai Wen, and niece to Lim Yook Kim and Lee Sai Boon. She is the Marketing Manager in the Property Development Division.*
- (b) *Lim Pei Shi is the daughter to Lim Yook Kim, sister to Lim Khai Wen, cousin to Lee Ling Sien and Lee Chun Kiat, and niece to Lee Chai and Lee Sai Boon. She is the Head of the Property Development Division.*
- (c) *Kang Koh Wei is the son to Kang Ah Chee. He is the Head of the Construction Division.*
- (d) *Lim Khai Wen is the son of Lim Yook Kim, brother to Lim Pei Shi, cousin to Lee Ling Sien and Lee Chun Kiat, and nephew to Lee Chai and Lee Sai Boon. He is the Head of the Engineering Division.*
- (e) *Lee Chun Kiat is the son to Lee Chai, brother to Lee Ling Sien, cousin to Lim Pei Shi and Lim Khai Wen, and nephew to Lim Yook Kim and Lee Sai Boon. He is the Corporate Planning Executive.*

Provided always that:

- (a) the abovementioned persons must not participate in the deliberation and/or discussion of their own respective allocation;
- (b) not more than 10% of the total number of new Shares to be issued under the Proposed ESOS would be allocated to any one of the abovementioned persons who, either singly or collectively through persons connected to them, holds 20% or more of the total number of issued shares of the Company; and
- (c) the allocation of ESOS Options to the abovementioned persons shall be subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws, the Main Market Listing Requirements of Bursa Securities, or any prevailing guideline issued by Bursa Securities, as amended from time to time.

**THAT** at any one time during the duration of the ESOS, not more than 50% of the total number of ESOS Options available under the ESOS could be allocated, in aggregate to the executive directors and senior management of AME Group (excluding dormant subsidiaries, if any) pursuant to the Proposed ESOS.

**AND THAT** the Board is also authorised to issue and allot the corresponding number of new Shares arising from the exercise of the ESOS Options that may be granted to them under the Proposed ESOS."

## By Order of the Board

**LEONG SIEW FOONG (MAICSA 7007572) (SSM PC No. 202008001117)**  
**SANTHI A/P SAMINATHAN (MAICSA 7069709) (SSM PC No. 201908002933)**  
Company Secretaries

Johor Bahru  
28 July 2021

### Notes:

1. *As part of the initiatives to curb the spread of COVID-19 and Government of Malaysia's official guidance on social distancing, the EGM of the Company will be conducted on a fully virtual basis where shareholders are only allowed to participate remotely through live streaming and online remote voting using Remote Participation and Electronic Voting ("RPEV") facilities via online meeting platform available at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC-D6A357657). Please follow the procedures provided in the Administrative Guide for the EGM in order to register, participate, speak and vote remotely via RPEV facilities.*
2. *The conduct of a fully virtual EGM is in line with the Guidance Note and Frequently Asked Questions ("**the Revised Guidance Note and FAQ**") by the Securities Commission of Malaysia on 16 July 2021.*
3. *Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), and exempt authorised nominees which holds ordinary shares in the Company for multiple owners in one securities account ("**omnibus account**"), is entitled to appoint another person as his proxy to exercise all or any of his rights to participate, speak and vote instead of him at the EGM, and that such proxy need not be a member.*
4. *Where a member appoints more than 1 proxy (subject always to a maximum of 2 proxies at each meeting), the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.*
5. *Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in an 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. Where a member is an authorised nominee as defined under SICDA, it may appoint 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.*
7. *The instrument appointing the proxy may be made in a hard copy form or by electronic means, not less than 48 hours before the time appointed for holding the EGM, as follows:*
  - (a) **In hard copy form**

*The original instrument appointing a proxy ("**Form of Proxy**") must be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd situated at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.*
  - (b) **By electronic means**

*The Form of Proxy can also be lodged electronically with the Share Registrar of the Company through Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com> or email to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com). Please follow the procedures provided in the Administrative Guide for the EGM in order to deposit the Form of Proxy electronically.*
8. *If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in the electronic EGM by yourself, please write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke the earlier appointed proxy(ies) at least 48 hours before this meeting.*
9. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in this Notice will be put to vote on a poll.*
10. *Only a depositor whose name appears in the Record of Depositors as at 18 August 2021 shall be entitled to participate, speak and vote at this meeting or appoints a proxy or proxies to participate, speak and vote on his behalf.*

**AME ELITE CONSORTIUM BERHAD**(Registration No.201801030789 (1292815-W))  
(Incorporated in Malaysia)**FORM OF PROXY**

No. of shares held	
CDS account no.	

I/ We \_\_\_\_\_ \*NRIC/ Passport / Company No. \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITAL)of \_\_\_\_\_  
(FULL ADDRESS)

and telephone no./ email address \_\_\_\_\_ being \*a member/ members

of **AME Elite Consortium Berhad (201801030789 (1292815-W))** hereby appoint:

Full Name and Address (in Block Letters) (First Proxy)	NRIC / Passport No.	No. of Shares	% of Shareholding
Email:	Contact No.:		

\*and/or

Full Name and Address (in Block Letters) (Second Proxy)	NRIC / Passport No.	No. of Shares	% of Shareholding
Email:	Contact No.:		

or failing \*him/ her the Chairperson of the Meeting as \*my/ our proxy/ proxies to participate, speak and vote for \*me/ us on \*my/ our behalf at the Extraordinary General Meeting ("EGM") of AME Elite Consortium Berhad ("**Company**") which will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting ("**RPEV**") facilities via online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC-D6A357657) on Thursday, 26 August 2021 at 11:30 a.m. or immediately following the conclusion of the Company's 3<sup>rd</sup> Annual General Meeting or at any adjournment thereof, scheduled to be held on the same day at 10:00 a.m., whichever is later.

\*My/ our proxy is to vote as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1	PROPOSED BONUS ISSUE OF SHARES		
2	PROPOSED FREE WARRANTS ISSUE		
3	PROPOSED ESOS		
4	PROPOSED ALLOCATION OF ESOS OPTIONS TO LEE CHAI		
5	PROPOSED ALLOCATION OF ESOS OPTIONS TO LIM YOOK KIM		
6	PROPOSED ALLOCATION OF ESOS OPTIONS TO KANG AH CHEE		
7	PROPOSED ALLOCATION OF ESOS OPTIONS TO LEE SAI BOON		
8	PROPOSED ALLOCATION OF ESOS OPTIONS TO LEE LING SIEN		
9	PROPOSED ALLOCATION OF ESOS OPTIONS TO LIM PEI SHI		
10	PROPOSED ALLOCATION OF ESOS OPTIONS TO KANG KOH WEI		
11	PROPOSED ALLOCATION OF ESOS OPTIONS TO LIM KHAI WEN		
12	PROPOSED ALLOCATION OF ESOS OPTIONS TO LEE CHUN KIAT		

Please mark with "X" in either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolutions or abstain from voting as the proxy thinks fit.

\* *Strike out whichever is not desired*

Signature of Member(s)/ Common Seal \_\_\_\_\_

Date: \_\_\_\_\_

**Notes:**

- As part of the initiatives to curb the spread of COVID-19 and Government of Malaysia's official guidance on social distancing, the EGM of the Company will be conducted on a fully virtual basis where shareholders are only allowed to participate remotely through live streaming and online remote voting using Remote Participation and Electronic Voting ("**RPEV**") facilities via online meeting platform available at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC-D6A357657). Please follow the procedures provided in the Administrative Guide for the EGM in order to register, participate, speak and vote remotely via RPEV facilities.
- The conduct of a fully virtual EGM is in line with the Guidance Note and Frequently Asked Questions ("**the Revised Guidance Note and FAQ**") by the Securities Commission of Malaysia on 16 July 2021.
- Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), and exempt authorised nominees which holds ordinary shares in the Company for multiple owners in one securities account ("**omnibus account**"), is entitled to appoint another person as his proxy to exercise all or any of his rights to participate, speak and vote instead of him at the EGM, and that such proxy need not be a member.



**Notes (cont'd):**

4. Where a member appoints more than 1 proxy (subject always to a maximum of 2 proxies at each meeting), the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in an 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. Where a member is an authorised nominee as defined under SICDA, it may appoint 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.
7. The instrument appointing the proxy may be made in a hard copy form or by electronic means, not less than 48 hours before the time appointed for holding the EGM, as follows:
  - (a) **In hard copy form**  
The original instrument appointing a proxy ("**Form of Proxy**") must be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd situated at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
  - (b) **By electronic means**  
The Form of Proxy can also be lodged electronically with the Share Registrar of the Company through Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com> or email to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com). Please follow the procedures provided in the Administrative Guide for the EGM in order to deposit the Form of Proxy electronically.
8. If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in the electronic EGM by yourself, please write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke the earlier appointed proxy(ies) at least 48 hours before this meeting.
9. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in the Notice of EGM will be put to vote on a poll.
10. Only a depositor whose name appears in the Record of Depositors as at 18 August 2021 shall be entitled to participate, speak and vote at this meeting or appoints a proxy or proxies to participate, speak and vote on his behalf.

1st Fold Here

AFFIX  
STAMP

**The Share Registrar  
AME ELITE CONSORTIUM BERHAD  
(Registration No. 201801030789 (1292815-W))  
c/o Boardroom Share Registrars Sdn Bhd  
11<sup>th</sup> Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Khim,  
Seksyen 13,  
46200 Petaling Jaya,  
Selangor Darul Ehsan,  
Malaysia.**

2nd Fold Here

Fold This Flap For Sealing