APPENDIX B

AME

6th ANNUAL GENERAL MEETING

Presentation to Shareholders

Questions from the Minority Shareholders Watch Group (MSWG)

29 August 2024

Property Development Segment

1. The Group secured RM283.6 million in new sales for FY2024, compared to RM479.2 million in the previous year (Page 15 of AR2024).

(a) The decrease in new sales indicates weaker market demand for industrial properties in FY2024. What is the Board's outlook on the market demand for industrial properties in Johor and Penang?

Responses:

The decrease in new sales for FY2024 is mainly due to the timing of bookings and sales. We have secured RM283.6 million new sales in FY2024 with RM276.1 million bookings as at 31 March 2024. We have subsequently converted these bookings to new sales to-date in FY2025.

Johor has experienced a surge in data centre investments and growth in high-value manufacturing. This trend, combined with the development of the Johor-Singapore Special Economic Zone (JS-SEZ) and upcoming infrastructure enhancements like the Rapid Transit System (RTS) Link, is expected to further drive demand for industrial properties.

Operational & Financial Matters

Responses (Cont'd):

Penang, nestled along the northwest coast of Peninsular Malaysia, is renowned as the "Silicon Valley of the East." The state's industrial market focuses on high-tech industries, including electronics, semiconductors and medical devices. There is growing demand to invest in Penang, and the state has various high-potential areas to build industrial parks to meet growing demand.

We believe that AME Group stands to benefit from the positive outlook for domestic industrial activities, especially in Johor and Penang. The momentum in the electrical and electronics (E&E) sector, China-Plus-One hedging of supply chain, booming data centre investments and upcoming JS-SEZ will enhance the Group's prospects.

Operational & Financial Matters

<u>Property Development Segment (Cont'd)</u>

(b) Does the current take-up rate of i-TechValley at SILC, one of the Group's flagship developments, meet the Management's expectations?

<u>Responses:</u>

The take-up rate of i-TechValley at SILC is progressing well, with approximately 50% as at 30 June 2024. The estimated development period of i-TechValley at SILC has been revised from about 7 years to about 5 years.

<u>Property Development Segment (Cont'd)</u>

(c) **Following the sale of 11 freehold land plots in i-TechValley for RM209.8 million, what is the revised gross development value of i-TechValley?**

<u>Responses:</u>

The proposed land sale for RM209.8 million yields a very attractive profit margin and demonstrates the strong demand and value appreciation of our i-TechValley. We remain confident in achieving our gross development value (GDV) target of RM1.5 billion, supported by ongoing sales momentum and favorable market conditions.

Operational & Financial Matters

<u>Property Investment and Management Services</u>

2. **Construction of the new dormitory facility at i-TechValley at SILC is progressing well, with completion expected in 2025. (Page 15 of AR2024)**

   In the previous annual report, the Group projected that the dormitory facility at i-TechValley at SILC would be completed in the second half of the calendar year 2024. What is the reason for the delay in the construction of this facility?

   <u>Responses:</u>
   The change in the estimated completion of i-TechValley Dormitory from 2nd half of calendar year 2024 to 1st half of calendar year 2025 is mainly due to our encounter of underground hard materials that has taken time for us to overcome through employing different engineering solutions.

Operational & Financial Matters

Property Investment and Management Services (Cont'd)

3. **The segment's revenue grew by 42.3% to RM65.0 million in FY2024, compared to RM45.6 million in FY2023. Correspondingly, the segment's profit before tax (PBT) excluding fair value gains increased by 79% to RM48.9 million from RM27.4 million a year ago. (Page 16 of AR2024)**

   The Group also mentioned expanding the leasing portfolio to 47 tenanted/leased units, up from 45 in the previous year (Page 16 of AR2024). The three workers' dormitories' occupancy and average rental rates were similar to those of the previous year (Slide 8 of 4Q24 Corporate Presentation).

   Please provide more insights into the significant increase in the segment's revenue and PBT, excluding fair value gains, given that there has been no substantial improvement in the leasing portfolio size or workers' dormitory occupancy. Were there any one-off gain items recorded in FY2024?

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Responses:

The increase in segment revenue and PBT (excluding fair value gains) is mainly due to the following factors:

i. Increase in the total rental income of approximately RM15.3 million due to:

   a. leasing industrial properties recorded higher rental income of approximately RM9.5 million, which is mainly contributed by the commencement of rental operations upon completion of building construction for certain units and step-up in rental rate upon renewal of tenancies; and

   b. workers dormitories recorded higher rental of approximately RM5.8 million, which is mainly contributed by the higher occupancy rate of i-Park @ Indahpura Dormitory 2; and

ii. Increase in the revenue generated from other ancillary activities and services of approximately RM4.0 million, which includes the operations of community mart, laundry service and landscape maintenance service.

For the avoidance of doubt, the number of tenanted/leased units for our leasing portfolio and the occupancy rate for our workers dormitories refer to the information as at 31 March 2024 rather than the weighted average for the whole financial year. Additionally, the number of tenanted/leased units for our leasing portfolio refers to the take-up of our leasing properties based on tenancy/ lease agreements secured. For new tenancies secured on vacant units, the rental operations will typically commence after completion of building construction and vacant possession to tenants.

Sustainability Matters

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<u>Sustainability Matters</u>

1. **The Group classified climate change as a low importance and low significance item in its materiality matrix. (Page 24 of AR2024)**

   Given the Group's rapid expansion in property development and construction, which inherently pose environmental impacts, would the Group reconsider climate change as a material item and establish sustainability targets in the future?

   <u>Responses:</u>
   AME recognised the growing importance of climate change and its potential impact on our industry. We are actively setting sustainability targets in line with AME's Sustainability Framework to align our business practices with best practices for sustainable development. To ensure our approach remains relevant and impactful, we plan to conduct a refreshed materiality assessment in FY2025, gathering updated insights from our stakeholders to reassess and potentially elevate climate change as a key material issue.

   As part of AME's ongoing efforts to manage our carbon footprint, we continuously monitor energy consumption, track and disclose greenhouse gas emissions, and explore ways to further reduce our environmental impact. These initiatives are integral to our broader strategy of integrating sustainable practices across all aspects of our business operations.

Corporate Governance Matters

1. **The Company has not adopted Practice 5.9 of the MCCG, which advocates that the Board comprise at least 30% women directors. The Board currently has two (2) female directors among its nine (9) members, which represents 22% of the Board's composition.**

   The Company mentioned that the Board will continue actively searching for other suitable and well-qualified female directors to join the Board.

   What is the targeted timeline for the Board to appoint additional female directors to comply with this Practice?

   Responses:

   The Board has taken cognisance of the recommendation by the MCCG for companies to work towards a Board which comprises 30% women directors and has taken the initial steps of appointing two (2) female Alternate Directors to act as substitutes for two (2) of our male Directors.

   We will endeavour to achieve the target of having at least 30% of our Board comprising women directors.

Thank You