

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5293  
**COMPANY NAME** : AME Elite Consortium Berhad  
**FINANCIAL YEAR** : March 31, 2020

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board of Directors ("<b>Board</b>") of AME Elite Consortium Berhad ("<b>AME</b>" or "<b>Company</b>") is collectively responsible for the proper stewardship of the business of AME and its subsidiaries (collectively referred to as the "<b>Group</b>") with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders.</p> <p>The Board sets the Company's objectives, values and standards and ensures that adequate resources are in place for the Company to meet its strategic aims and desired business culture. As stewards of the Company, the Board's responsibilities include oversight of corporate governance, risk management and internal control, succession planning, management performance, stakeholder communication and corporate reporting and disclosure. The roles and responsibilities of the Board are clearly defined in the Board Charter as follows:</p> <p><b>Strategy</b></p> <ul style="list-style-type: none"> <li>a) Set the values, standards, objectives and strategic aims of the Company;</li> <li>b) Together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;</li> <li>c) Review, challenge and decide on management's proposals for the Company and monitor its implementation by the management; and</li> <li>d) Ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;</li> </ul> <p><b>Risk Management and Internal Control</b></p> <ul style="list-style-type: none"> <li>a) Ensure there is a sound framework for risk management and internal control;</li> </ul>

- b) Understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks; and
- c) Set the risk appetite within which the Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

**Succession Planning, Evaluation and Remuneration**

- a) Develop a succession plan for Board members and Senior Management;
- b) Supervise and assess management performance to determine whether the business is being properly managed;
- c) Evaluate and determine the necessary training, mentoring and coaching needs of Directors and Senior Management; and
- d) Establish and periodically review the remuneration policies and procedures for the Board, Group Managing Director and Senior Management;

**Stakeholders Communication**

- a) Ensure that the Company has in place procedures to enable effective communication with stakeholders, including shareholders and investors;
- b) Ensure the latest information on the Group and its activities are easily accessible for stakeholders without compromising the rules on price sensitive information; and
- c) Encourage shareholders' participation in General Meetings;

**Reporting**

- a) Ensure the integrity of the Company's financial and non-financial reporting; and
- b) Ensure the statutory accounts of the Company and the Group are fairly stated and in accordance with relevant regulations;

**Corporate Governance**

- a) Together with management, oversee the Group's adherence to high standards of conduct or ethics and corporate behaviour by establishing and implementing a Code of Conduct and Ethics as well as Whistleblowing Policy for the Company to guide the behaviour of Directors, management and employees.

In order to ensure the effective discharge of the Board's functions and responsibilities, the Board has established and implemented a governance framework, which is founded on stakeholder accountability, competent leadership and effective risk management and internal control system.

In addition, the Board has implemented the following charter, policies and framework to govern and set the standards for organisation culture and behaviour:

- a) Board Charter;
- b) Code of Conduct and Ethics for Directors and Employees;
- c) Whistleblowing Policy;
- d) Remuneration Policy for Directors and Senior Management;
- e) Anti-Bribery and Anti-Corruption Policy; and
- f) Risk Management Framework.

The Board has also established three (3) Board Committees, namely Audit and Risk Management Committee (“**ARMC**”), Nomination Committee (“**NC**”) and Remuneration Committee (“**RC**”), each entrusted with specific tasks and operates within terms of reference approved by the Board, primarily to support in carrying out the Board’s functions and to assist in the execution of the Board’s duties and responsibilities.

The Board Committees are tasked with assisting the Board to oversee and manage different aspects of the Group’s governance and compliance. The Board Committee Chairpersons report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board.

While the Board has granted authorities and delegated responsibilities to Board Committees to deliberate and decide on certain key and operational matters, the Board recognises that the ultimate responsibility for the final decision on all matters lies with the entire Board.

The Terms of Reference of the Board Committees are available on the Company’s website at [www.ame-elite.com](http://www.ame-elite.com).

#### **Schedule of Matters Reserved for the Board**

While specific functions are delegated to Board Committees and day-to-day operations are delegated to management, matters which have a critical bearing on the Group are specifically reserved for decision or consideration by the Board, including amongst others:

- a) Group and divisional strategies, plans and budgets;
- b) Major acquisitions, disposals and transactions;
- c) Appointment, re-appointment and removal of Directors, Group Managing Director and Company Secretary;
- d) Establishment of Board Committees and approval of their Terms of Reference; and
- e) Changes in the key policies, procedures and authority limits.

During FY2020, the Board has undertaken various activities and tasks in meeting its goals and the Company’s objectives, either directly or through the respective Board Committees and/or

	Senior Management. Details of which are set out on page 46 of the Company's Annual Report 2020 ("AR2020").	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is led by YM Tengku Azrina Binti Raja Abdul Aziz, an Independent Non-Executive Chairperson, whose primary role is to instil good corporate governance practices, provide leadership and ensure the effective functioning of the Board.</p> <p>As outlined in Clause 5.1 of the Board Charter, the responsibilities of the Board Chairperson, amongst others, are as follows:</p> <ul style="list-style-type: none"> <li>a) Providing leadership for the Board so that the Board can perform its responsibilities effectively;</li> <li>b) Setting the Board meeting agenda and ensuring that Board members receive complete and accurate information in a timely manner;</li> <li>c) Leading Board meetings and discussions, including encouraging active participation from Board members and allowing dissenting views to be freely expressed;</li> <li>d) Managing the interface between Board and management;</li> <li>e) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;</li> <li>f) Leading the Board in establishing and monitoring good corporate governance practices in the Company;</li> <li>g) Presiding as the Chairperson at every General Meeting; and</li> <li>h) Other responsibilities as assigned by the Board from time to time.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The position of the Board Chairperson is separate from that of the Group Managing Director to promote accountability and facilitate division of responsibilities. The positions are held by two (2) different individuals, with YM Tengku Azrina Binti Raja Abdul Aziz as the Board Chairperson and Mr Lee Chai as the Group Managing Director.</p> <p>The primary role of the Board Chairperson includes leading the Board in its collective oversight of management while the Group Managing Director, with the assistance of Executive Directors and Senior Management, has the responsibility to oversee the overall operations of the Group, including the implementation of strategies and policies.</p> <p>The Board Chairperson's responsibilities are detailed in Practice 1.2. The Group Managing Director's responsibilities, as outlined in Clause 5.2 of the Board Charter, amongst others, are as follows:</p> <ul style="list-style-type: none"><li>a) Enhance stakeholder value and returns by motivating business development and operating efficiency;</li><li>b) Create conditions for the systematic scanning of emerging business conditions and reviewing business philosophy, goals and values;</li><li>c) Provide conceptual leadership to interpret stakeholder needs and strategically integrating the different business units;</li><li>d) Determine operating goals, objectives and standards by setting and reviewing operations goals and targets;</li><li>e) Study and approve broad operating policies and guidelines for resource allocation, utilisation and standards for performance evaluation to ensure the continued maintenance of a result corporate culture;</li><li>f) Enhance Group's performance and productivity by seeking areas for synergy;</li><li>g) Protect and monitor the proper use of the Group's assets;</li><li>h) Manage Board's communications and create conditions for timely decision making and execution;</li><li>i) Review policies and monitor compliance with all relevant legislations and regulations; and</li><li>j) Ensure high performance and productivity of Senior Management by creating conditions for their motivation, performance management and professional development.</li></ul>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		



### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by two (2) qualified and competent Company Secretaries, namely Ms Santhi A/P Saminathan and Ms Leong Siew Foong, who, respectively, possess more than seven (7) years and twenty (20) years of experience in company secretarial services. Both of them are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016 and are associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("<b>MAICSA</b>").</p> <p>The Company Secretaries provide active support to the Board, the Board Committees, the Board Chairperson and Directors. All Directors have full and unrestricted access to the advice and services of the Company Secretaries for the purposes of the Board's affairs and operations.</p> <p>As outlined in Clause 5.3 of the Board Charter, the responsibilities of the Company Secretaries, amongst others, are as follows:</p> <ul style="list-style-type: none"><li>a) Advising the Board on its roles and responsibilities;</li><li>b) Providing secretarial functions for all Board-related administrative functions, including managing all Board and Board Committee meeting logistics, attending and recording minutes of all meetings and facilitating flow of information to the Board;</li><li>c) Facilitating the orientation of newly-appointed Directors and assist in training and professional development of Directors;</li><li>d) Advising the Board on corporate disclosures and regulatory compliance matters;</li><li>e) Managing processes pertaining to the Annual General Meetings ("<b>AGM</b>"s);</li><li>f) Monitoring corporate governance developments and assist the Board in interpreting and applying corporate governance practices to meet the Board's needs and stakeholders' expectations; and</li><li>g) Serving as a focal point for stakeholders' communication and engagement on corporate governance issues.</li></ul>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Regular Board and Board Committee meetings are scheduled a year in advance to facilitate maximum attendance. An annual tentative meeting calendar is circulated to all Directors to allow Directors to plan and schedule ahead for their time.</p> <p>In tandem with Clause 9.2 of the Board Charter, notices and agendas of meeting and other non-financial related materials are circulated at least seven (7) days in advance of the Board and Board Committee meetings to ensure Directors have sufficient information and time to review and prepare for the meetings. Materials on financial related matters are circulated at least four (4) days prior to the Board meetings.</p> <p>With the assistance of the Company Secretaries, the minutes of meetings are prepared and circulated to all the Directors for their review and comment within twenty-one (21) days from the meetings. Action items identified during meetings are highlighted for follow-up action to be undertaken by the management.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by a Board Charter for the effective discharge of its fiduciary duties. The Board Charter serves as the framework for Board roles and responsibilities, Board structure and composition, Board authorities, schedule of matters reserved for the Board, proceeding of Board meeting, Directors' induction and training, liability insurance for Directors and Officers, disclosure of conflict of interest, compliance of code of conduct and ethics as well as investor relations and shareholder communication. It also sets out roles and responsibilities of individual Directors, Independent Directors, the Board Chairperson, the Group Managing Director and the Company Secretaries.</p> <p>The Board Charter is periodically reviewed by the Board to ensure its relevance, effectiveness and consistent with the Company's objective, its practices and current laws. The present Board Charter was adopted by the Board on 26 February 2020 and is in line with the principles set out in the Malaysian Code of Corporate Governance ("MCCG"). The Board Charter is publicly available on the Company's website at <a href="http://www.ame-elite.com">www.ame-elite.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has a Code of Conduct and Ethics ("<b>Code</b>") which sets the tone and standards for the Group's ethical conduct. It serves to guide actions and behaviours of all Directors and employees of the Group.</p> <p>In line with the Guidance to Practice 3.1 of the MCCG, the Code describes measures put in place to deal with the following core areas of conduct:</p> <ul style="list-style-type: none"><li>a) Conflict of interest;</li><li>b) Corruption, acceptance and provision of gifts;</li><li>c) Confidential information;</li><li>d) Insider information and securities trading;</li><li>e) Protection of the Group's assets and funds;</li><li>f) Records management and control;</li><li>g) Fair dealing;</li><li>h) Workplace health and safety;</li><li>i) Sexual harassment and violence;</li><li>j) Fair and courteous behaviour; and</li><li>k) Compliance with laws, rules and regulations.</li></ul> <p>The Code is periodically reviewed by the Board, at least once every three (3) years, to ensure its relevance, effectiveness and consistent with the Company's objective, its practices and current laws. The present Code was adopted by the Board on 26 February 2020 and is published on the Company's website at <a href="http://www.ame-elite.com">www.ame-elite.com</a>. The Board communicates the Code to all Directors and employees upon their appointment or employment and the Code forms part of their terms and conditions of service.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has a Whistleblowing Policy to provide employees and stakeholders with proper channels and guidance to report any legitimate concerns over any wrongdoing within the Group relating to unlawful conduct, financial malpractice or danger to the public or the environment. It encourages reporting of any suspected improper conduct within the Group in an appropriate manner that is in line with good corporate governance practices. Any party who makes a report of an improper conduct in good faith will be protected against reprisal and retaliation.</p> <p>To facilitate fair and equitable investigation, all whistleblowing reports are channelled directly to the NC Chairperson, who is also an Independent Non-Executive Director.</p> <p>The Whistleblowing Policy is periodically reviewed by the Board, at least once every three (3) years, to ensure its relevance, effectiveness and consistent with the Company's objective, its practices and current laws. The present Whistleblowing Policy was adopted by the Board on 26 February 2020 and is published on the Company's website at <a href="http://www.ame-elite.com">www.ame-elite.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied														
<b>Explanation on application of the practice</b>	:	<p>The Board comprises eight (8) members with the composition as set out below:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Directorship</th> </tr> </thead> <tbody> <tr> <td>YM Tengku Azrina Binti Raja Abdul Aziz</td> <td>Independent Non-Executive Chairperson</td> </tr> <tr> <td>Mr Lee Chai <i>(his alternate, Ms Lee Ling Sien)</i></td> <td>Group Managing Director</td> </tr> <tr> <td>Mr Lim Yook Kim <i>(his alternate, Ms Lim Pei Shi)</i></td> <td rowspan="3">Executive Director</td> </tr> <tr> <td>Mr Kang Ah Chee</td> </tr> <tr> <td>Mr Lee Sai Boon</td> </tr> <tr> <td>Ms Tan Lay Beng</td> <td rowspan="3">Independent Non-Executive Director</td> </tr> <tr> <td>Mr Chang Tian Kwang</td> </tr> <tr> <td>Mr Wee Soon Chit</td> </tr> </tbody> </table> <p>Profile of each Director is detailed in the Board of Directors' Profile set out from pages 24 to 32 of the AR2020.</p> <p>The current Board composition with an even balance of four (4) Executive Directors and four (4) Independent Non-Executive Directors fulfils the requirement of at least half of the Board comprising Independent Directors. The Board considers that this composition enhances oversight of the management and supports independent deliberation, review and decision-making.</p> <p>The Board will continue to periodically review and evaluate the size of the Board, with a view to promote effective deliberation, encourage active participation of all Directors and to allow the functions of the various Board Committees to be discharged without giving rise to an over-extension of Directors that are required to serve on multiple Board Committees.</p>	Name	Directorship	YM Tengku Azrina Binti Raja Abdul Aziz	Independent Non-Executive Chairperson	Mr Lee Chai <i>(his alternate, Ms Lee Ling Sien)</i>	Group Managing Director	Mr Lim Yook Kim <i>(his alternate, Ms Lim Pei Shi)</i>	Executive Director	Mr Kang Ah Chee	Mr Lee Sai Boon	Ms Tan Lay Beng	Independent Non-Executive Director	Mr Chang Tian Kwang	Mr Wee Soon Chit
Name	Directorship															
YM Tengku Azrina Binti Raja Abdul Aziz	Independent Non-Executive Chairperson															
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Mr Lee Sai Boon																
Ms Tan Lay Beng	Independent Non-Executive Director															
Mr Chang Tian Kwang																
Mr Wee Soon Chit																
<b>Explanation for departure</b>	:															
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																



<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.2**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - Step Up 4.3 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board through its Board Charter has a policy which limits the tenure of its Independent Directors to nine (9) years. It is covered under paragraph 4 of Clause 3.4 of the Board Charter.

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board sees a diverse Board and Senior Management as a vital contributing element to sustainable development and growth. It is committed to promoting a workplace that is diverse, inclusive and equitable.</p> <p>In tandem with Clause 3.2 of the Board Charter, in nominating candidates for directorship, the NC will consider amongst others, the required mix of diversity in skills, experience, character, integrity, competence and time commitment of the candidates, including those who retire and offer themselves for re-election.</p> <p>Through an annual assessment conducted by the NC on the Board as a whole, the Board has considered that its current composition is well-balanced with appropriate mix of skills, knowledge, experience and attributes in meeting its needs and objectives. The Board comprises suitably qualified and experienced professionals in the fields of construction and engineering, property development and management, property consultancy, accountancy, banking and finance as well as legal and corporate governance. The diverse combination creates a breadth of perspective among Directors, enabling them to oversee the dynamic and emerging business of the Group.</p> <p>Details of the current Board composition in terms of skills and background experience, age, gender and ethnicity are set out on page 49 of the AR2020.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The disclosure of the Company's policies, targets and measures to meet such targets in relation to gender diversity are set out on page 49 of the AR2020.</p> <p>Currently, the Company has two (2) female Directors, denoting a 25% of women representation on the Board. The Board has taken cognisance of the recommendation by the MCCG to work towards a Board comprising 30% women Directors. In this regard, the Board has set a target to appoint at least one (1) additional woman director within three (3) to five (5) years from the Company's Initial Public Offering on the Main Market of Bursa Malaysia.</p> <p>On 22 October 2018, the Board has taken the initial step of appointing Ms Lim Pei Shi as an Alternate Director to Mr Lim Yook Kim, a Non-Independent Executive Director. Subsequently, Ms Lee Ling Sien was appointed, on 12 May 2020, as an Alternate Director to Mr Lee Chai, the Group Managing Director to further strengthen the Board's gender balance and diversity. The Board has plans to groom Ms Lim Pei Shi and Ms Lee Ling Sien to assume greater board responsibilities. The appointments are also as part of the Board's succession planning to foster future leaders and successors.</p> <p>In addition, the Board, through the NC, will continue to actively search for other suitable and well qualified female directors to join the Board.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>While the Board considers that its composition and size remain balanced and able to reinforce effective oversight and independent review function, the Board, through the NC, continues to identify suitable and qualified individuals in meeting the Company's future needs, taking into consideration of diverse perspectives and insights.</p> <p>Above and beyond referrals from Directors, shareholders and management, the Board also considers the recommendations of suitable board candidates from business associates, especially those operating in a similar industry to the Group and through other networking sources.</p> <p>In addition, the NC is entrusted to utilise independent sources to identify suitably qualified candidates not limited to sources from directors' registry, industry and professional associations, open advertisements and independent search firms.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	: Applied															
<b>Explanation on application of the practice</b>	<p>The NC oversees the selection and assessment of Directors and Board Committees. It evaluates the effectiveness of the Board as a whole, Board Committees and each individual Directors, identifies the training needs of Directors as well as leads the succession planning and appointment of Board and Board Committee members.</p> <p>The Terms of Reference of the NC is available on the Company's website at <a href="http://www.ame-elite.com">www.ame-elite.com</a>.</p> <p>The NC comprises solely Independent Non-Executive Directors as set out below:</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th><th>Directorship</th></tr></thead><tbody><tr><td>Mr Chang Tian Kwang</td><td>Chairperson</td><td>Independent Non-Executive Director</td></tr><tr><td>YM Tengku Azrina Binti Raja Abdul Aziz</td><td>Member</td><td>Independent Non-Executive Chairperson</td></tr><tr><td>Ms Tan Lay Beng</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>Mr Wee Soon Chit</td><td>Member</td><td>Independent Non-Executive Director</td></tr></tbody></table> <p>The NC shall meet at least once a year with additional meetings to be convened as and when required.</p> <p>During FY2020 and up to the date of this CG Report, key activities undertaken by the NC are summarised as follows:</p> <ol style="list-style-type: none"><li>Reviewed the evaluation forms for annual Board assessment to be in line with the Listing Requirements and the MCCG prior to undertaking the evaluation process;</li><li>Reviewed the proposals to appoint Ms Lee Ling Sien as Alternate Director to the Group Managing Director, Mr Lee Chai. The NC has subsequently recommended the appointment to the Board for approval;</li><li>Evaluated the effectiveness of the Board as a whole, reviewed and considered the size, structure and composition of the Board, including the required right mix of skills and experience, Board diversity and effective and efficient functioning of the Board;</li></ol>	Name	Designation	Directorship	Mr Chang Tian Kwang	Chairperson	Independent Non-Executive Director	YM Tengku Azrina Binti Raja Abdul Aziz	Member	Independent Non-Executive Chairperson	Ms Tan Lay Beng	Member	Independent Non-Executive Director	Mr Wee Soon Chit	Member	Independent Non-Executive Director
Name	Designation	Directorship														
Mr Chang Tian Kwang	Chairperson	Independent Non-Executive Director														
YM Tengku Azrina Binti Raja Abdul Aziz	Member	Independent Non-Executive Chairperson														
Ms Tan Lay Beng	Member	Independent Non-Executive Director														
Mr Wee Soon Chit	Member	Independent Non-Executive Director														



	<ul style="list-style-type: none"> <li>d) Evaluated and assessed the effectiveness of each individual Director by undertaking an evaluation process involving self-assessment as well as their peers' performance by individual Directors;</li> <li>e) Assessed the independence of the Independent Directors and their ability to exercise independent judgement by way of a self-assessment by each individual Director based on the criteria set out in the Listing Requirements.</li> <li>f) Assessed the effectiveness of the ARMC, NC and RC;</li> <li>g) Nominated for re-election the Directors who will be retiring at the forthcoming AGM and recommended to the Board for their re-election be tabled at the AGM; and</li> <li>h) Reviewed the Terms of Reference and the Statement of Activities of the NC.</li> </ul>		
<b>Explanation for departure</b> :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b> :			
<b>Timeframe</b> :	<table border="1" style="width: 100%; height: 100%;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"></td> </tr> </table>		

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

## Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is entrusted by the Board to evaluate, on an annual basis, the performance and effectiveness of the Board, the Board Committees and individual Directors, including the Board Chairperson, the Group Managing Director and Independent Directors (collectively referred to as the “<b>Board Effectiveness Evaluation</b>”). The process of the Board Effectiveness Evaluation is internally facilitated and conducted through prescribed evaluation forms covering a variety of assessment criteria.</p> <p>The assessment criteria are developed, maintained and reviewed by the NC taking into consideration of the Bursa Malaysia Corporate Governance Guide (3rd edition), which include, amongst others:</p> <ul style="list-style-type: none"><li><b>a) Evaluation of the Board;</b> Size and composition, mix of skills and experience, quality of information and decision-making, and boardroom activities</li><li><b>b) Evaluation of the Board Committees (including the Chairperson of respective Committees);</b> Size, composition and governance, meeting administration and conduct, skills and competencies, duties and responsibilities, and disclosure</li><li><b>c) Self and Peer Evaluation of Individual directors (including the Board Chairperson and the Group Managing Director); and</b> Contribution and performance, time commitment, personal knowledge and experience, and calibre and personality</li><li><b>d) Self-assessment by Independent Directors.</b> Background, economic relationship, family relationships and term of office</li></ul> <p>The Board Effectiveness Evaluation for FY2020 was conducted in May 2020. Overall, the Board was satisfied with the</p>

	<p>performance and effectiveness of the Board as a whole. All the Board Committees were evaluated to be performing and effective in discharging their roles and responsibilities as per the Terms of Reference.</p> <p>Further, the self and peer evaluation of each individual Director indicated that all the Directors are of the view that each of them, including the Board Chairperson and the Group Managing Director, had performed their respective roles and functions effectively and responsibly. Each member was satisfied with each other's contribution in sharing their insights and active participation in the Board and Board Committees' discussions.</p> <p>The Board was also satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised a Remuneration Policy to govern principles and matters in relation to Directors' and Senior Management's remuneration.</p> <p>Under the Remuneration Policy, the remuneration components of Executive Directors and Senior Management include, where applicable, fixed monthly salaries, Directors' fees, performance-based bonuses, benefits-in-kind and other incentives. As for Non-Executive Directors, the remuneration package comprises fixed Directors' fees, Board Committees' fees and meeting allowances for attending Board and Board Committees' meetings.</p> <p>In determining the remuneration package for Directors and Senior Management, the Board shall give due regard and consideration to, but not limited to, the individuals' merit, qualification, experience and competence as well as the Group's operating results, individual performance, comparable market statistics and industry benchmark.</p> <p>Further, Executive Directors shall be refrained from voting on their own remuneration to avoid conflict of interest, but they may attend the RC meeting at the invitation of the RC Chairperson, if their presence is required. Similarly, Non-Executive Directors are required not to participate in deciding on their own remuneration.</p> <p>The Policy is periodically reviewed by the Board, at least once every three (3) years, to ensure its relevance, effectiveness and consistent with the Company's objective, its practices and current laws. The present Policy was adopted by the Board on 12 May 2020 and is published on the Company's website at <a href="http://www.ame-elite.com">www.ame-elite.com</a>.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

## Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied															
<b>Explanation on application of the practice</b>	:	<p>The RC assists the Board in developing and administering a fair and transparent procedure for setting policy on remuneration of Directors and Senior Management. It reviews the Directors' and Senior Management's remuneration, ensuring that the Company continues to attract, retain and motivate high calibre individuals who have the skills, experience and knowledge to drive its long-term objectives.</p> <p>The Terms of Reference of the RC is available on the Company's website at <a href="http://www.ame-elite.com">www.ame-elite.com</a>.</p> <p>The RC comprises solely Independent Non-Executive Directors, as set out below:</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th><th>Directorship</th></tr></thead><tbody><tr><td>Mr Wee Soon Chit</td><td>Chairperson</td><td>Independent Non-Executive Director</td></tr><tr><td>YM Tengku Azrina Binti Raja Abdul Aziz</td><td>Member</td><td>Independent Non-Executive Chairperson</td></tr><tr><td>Ms Tan Lay Beng</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>Mr Chang Tian Kwang</td><td>Member</td><td>Independent Non-Executive Director</td></tr></tbody></table> <p>The RC shall meet at least once a year with additional meetings to be convened as and when required.</p> <p>During FY2020 and up to the date of this CG Report, key activities undertaken by the RC are summarised as follows:</p> <p>a) Reviewed and discussed the performance of each individual Director with reference to the Board</p>	Name	Designation	Directorship	Mr Wee Soon Chit	Chairperson	Independent Non-Executive Director	YM Tengku Azrina Binti Raja Abdul Aziz	Member	Independent Non-Executive Chairperson	Ms Tan Lay Beng	Member	Independent Non-Executive Director	Mr Chang Tian Kwang	Member	Independent Non-Executive Director
Name	Designation	Directorship															
Mr Wee Soon Chit	Chairperson	Independent Non-Executive Director															
YM Tengku Azrina Binti Raja Abdul Aziz	Member	Independent Non-Executive Chairperson															
Ms Tan Lay Beng	Member	Independent Non-Executive Director															
Mr Chang Tian Kwang	Member	Independent Non-Executive Director															

	<p>Effectiveness Evaluation conducted by the NC in May 2020;</p> <p>b) Reviewed and recommended the Directors' Fees for FY2020;</p> <p>c) Reviewed and recommended the Directors' Benefits from 1 April 2019 until the conclusion of the 3rd AGM of the Company to be held in year 2021;</p> <p>d) Reviewed and assessed the Executive Directors' salaries, annual bonuses and other emoluments for FY2020; and</p> <p>e) Reviewed the Terms of Reference and the Statement of Activities of the RC.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In May 2020, the RC conducted an assessment on the Directors' remuneration for FY2020. Benchmarking was made against other public listed companies on Bursa Malaysia with similar businesses, market capitalisation, location and financial positions. Based on the assessment, the Directors' remuneration was considered appropriate and recommended to the Board for approval. It was subsequently approved by the Board without participation of respective Directors in determining their own remuneration.</p> <p>Pursuant to the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a General Meeting. The Board shall seek shareholders' approval at the forthcoming 2nd AGM for the payment of Directors' fees for FY2020 and for Directors' benefits from 1 April 2019 until the conclusion of the 3rd AGM of the Company to be held in year 2021.</p> <p>Details of the Directors' remuneration for FY2020 are set out on page 55 of the AR2020.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure											
<b>Explanation on application of the practice</b>	:												
<b>Explanation for departure</b>	:	<p>Remuneration of the Group's top five (5) Senior Management personnel for FY2020 are disclosed in bands of RM50,000 as follows:</p> <table border="1"> <thead> <tr> <th>Range of Remuneration (RM)</th> <th>No. of Senior Management <sup>(ii)</sup></th> </tr> </thead> <tbody> <tr> <td>350,000 - 400,000 <sup>(i)</sup></td> <td>1</td> </tr> <tr> <td>600,000 - 650,000 <sup>(i)</sup></td> <td>1</td> </tr> <tr> <td>700,000 - 750,000 <sup>(i)</sup></td> <td>3</td> </tr> <tr> <td><b>Total</b></td> <td><b>5</b></td> </tr> </tbody> </table> <p><b>Note:</b></p> <p>(i) Received from subsidiaries in respect of their executive role.</p> <p>(ii) The disclosure does not include Senior Management who holds directorship in the Company. Details of their remuneration are provided in the Directors' remuneration table.</p> <p>The Board has decided not to disclose in more detail the top five (5) Senior Management personnel's name and identity to minimise the risk of potential talent poaching from other companies. The Company also believes that the non-disclosure will not affect the interest of its shareholders.</p>		Range of Remuneration (RM)	No. of Senior Management <sup>(ii)</sup>	350,000 - 400,000 <sup>(i)</sup>	1	600,000 - 650,000 <sup>(i)</sup>	1	700,000 - 750,000 <sup>(i)</sup>	3	<b>Total</b>	<b>5</b>
Range of Remuneration (RM)	No. of Senior Management <sup>(ii)</sup>												
350,000 - 400,000 <sup>(i)</sup>	1												
600,000 - 650,000 <sup>(i)</sup>	1												
700,000 - 750,000 <sup>(i)</sup>	3												
<b>Total</b>	<b>5</b>												
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>													
<b>Measure</b>	:	Not applicable											
<b>Timeframe</b>	:	Others	Not applicable										

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 8.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has established an effective and independent ARMC which is led by an Independent Non-Executive Director. The position of ARMC Chairperson is distinct and separate from that of the Board Chairperson to enhance objectivity of the Board's review on the ARMC's findings and recommendations.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board is committed to ensuring the effectiveness and independence of its ARMC. This includes to require any former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC. No former key audit partners of the external auditors have been appointed to the Board thus far.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the ARMC's terms of reference, the ARMC is responsible to conduct a formal and objective annual evaluation to assess the suitability, objectivity and independence of the Company's External Auditors and makes subsequent recommendations to the Board on the appointment, re-appointment or termination of the External Auditors.</p> <p>The evaluation is conducted with involvement from all the ARMC members through a prescribed evaluation form covering a variety of assessment criteria. The assessment criteria are developed, maintained and reviewed by the ARMC based on the Bursa Malaysia Corporate Governance Guide (3rd edition), which cover the following aspects of the External Auditors:</p> <ul style="list-style-type: none"><li>a) Calibre of external audit firm;</li><li>b) Quality processes/performance;</li><li>c) Audit team;</li><li>d) Independence and objectivity;</li><li>e) Audit scope and planning;</li><li>f) Audit fees; and</li><li>g) Audit communications.</li></ul> <p>The evaluation of the External Auditors, Messrs KPMG PLT ("<b>KPMG</b>") for FY2020 was conducted in June 2020. Overall, no major concern had arisen from the assessment and the ARMC was satisfied with the performance of the External Auditors in terms of their quality of service provided as well as their exercise of audit independence. Written assurance was obtained from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The ARMC had also considered that the provision of non-audit services by the External Auditors and their affiliates during FY2020 was not in conflict with the External Auditors' audit services and did not compromise their independence and objectivity. Accordingly, re-appointment of KPMG as Auditors of the Company for FY2021 was recommended by the ARMC to</p>

	the Board. The Board shall seek shareholders' approval for the re-appointment at the forthcoming AGM.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted		
<b>Explanation on adoption of the practice</b>	:	The ARMC comprises solely Independent Non-Executive Directors, as set out below:		
		<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
		Ms Tan Lay Beng	Chairperson	Independent Non-Executive Director
		YM Tengku Azrina Binti Raja Abdul Aziz	Member	Independent Non-Executive Chairperson
		Mr Chang Tian Kwang	Member	Independent Non-Executive Director
		Mr Wee Soon Chit	Member	Independent Non-Executive Director

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The current ARMC comprises members in the fields of accountancy, taxation, property consultancy, banking and finance as well as legal and corporate governance. Collectively, the ARMC possesses the necessary skills to discharge its duties and responsibilities. All members of the ARMC are financially literate and have the ability to understand matters under the purview of the ARMC including the financial reporting process.</p> <p>Two (2) out of four (4) members of the ARMC, including the ARMC Chairperson, are qualified as Public Accountants of the Malaysian Institute of Accountants, and thus, fulfilling paragraph 15.09(1)(c) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("<b>Bursa Malaysia</b>"), which calls for one member of the audit committee to be a member of a professional accountancy body. Biographical particulars of each member of the ARMC are set out on pages 24, 29, 30 and 31 of the AR2020.</p> <p>Members of the ARMC continue to undertake professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details on the training courses attended by the ARMC members during FY2020 are as set out on pages 51 and 52 of the AR2020.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		



<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, with the assistance of the ARMC, has established a Risk Management Framework to formulate strategies and policies against managing the Group's risks, with an aim to ensuring the Group has an effective internal control system in place to safeguard the Group's resources, people, finance, property and reputation in a risk attuned environment. It outlines the Group's risk management processes, defines the roles and responsibilities at each level of the management as well as sets out the risk appetite and risk tolerance of the Group.</p> <p>The Group's Risk Management Framework are founded on the principles and guidelines of <i>ISO 31000 Risk Management</i>. The Framework is periodically reviewed by the Board, at least once every three (3) years, to ensure its relevance, effectiveness and consistent with the Company's objective, its practices and current laws. The Framework was last reviewed and implemented by the Board on 26 February 2020.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board discloses the features of the Group's risk management and internal control framework in the Statement on Risk Management and Internal Control set out from pages 64 to 66 of the AR2020.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 9.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>As stated in Practice 8.4, the ARMC comprises solely Independent Non-Executive Directors.</p> <p>The ARMC assists the Board in fulfilling its oversight function of risk management and internal control. The ARMC is responsible to review and recommend risk management policies and procedures for the Board's approval. It assesses the risk management process, the risk profile of the Group, including risk registers as well as the risk management team's plans to mitigate business risks as identified from time to time.</p> <p>Details on the key activities undertaken in relation to the risk management and internal control by the ARMC during FY2020 are set out in the ARMC Report on page 61 of the AR2020.</p>

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>During FY2020, the Board, having considered the recommendations by the ARMC, has approved, among other shortlisted candidates, the appointment of Sterling Business Alignment Sdn Bhd ("<b>Sterling</b>"), an independent professional services company, as the Group's Internal Auditors to carry out internal audit function for the Group. Due regard and deliberations have been made to consider their competency, experience, organisation size, clientele, independence, as well as the proposed scope of work, engagement fee and audit approach, plan and cycle.</p> <p>The Internal Auditors assist the ARMC in managing the risks and establishment of the internal control system and processes of the Group by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes. The Internal Auditors report directly to the ARMC and are authorised with full and unrestricted access to all of the Group's records, physical properties and personnel pertinent to carrying out any engagement.</p> <p>In developing the scope of the internal audit function, the ARMC is satisfied that:</p> <ul style="list-style-type: none"><li>a) the person responsible for the internal audit has relevant experience, sufficient standing and authority to discharge his/her functions effectively;</li><li>b) the firm appointed to carry out the Group's internal audit function has sufficient resources and is able to access information to carry out its role effectively; and</li><li>c) the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.</li></ul> <p>During FY2020, the ARMC has also approved the Internal Audit Plan for FY2020/21, which covers assessment of the key functional areas of the Group. Accordingly, the internal audit report was presented to the ARMC on 26 February 2020. Areas for improvements were highlighted to the ARMC and the implementation of recommendations has consistently been monitored. The Internal Auditors have provided assurance to the ARMC that none of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the AR2020.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As mentioned in Practice 10.1, the Group has outsourced its internal audit function to Sterling, which is independent of the operations and activities of the Group. The engagement team from Sterling are free from any relationship or conflict of interest, which could impair their objectivity and independence. Sterling has the number of audit staff deployed for each internal audit review ranges from three (3) to four (4) Internal Auditors per visit. Sterling is a corporate member of the Institute of Internal Auditors Malaysia (IIAM).</p> <p>Different lead Internal Auditors are assigned to conduct each internal audit review, depending on the scope of the review. The Internal Auditors use the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control system.</p> <p>The internal audit makes reference to the International Professional Practices Framework set by the Institute of Internal Auditors to ensure that internal audit staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review. The ARMC is satisfied with the competency, experience and resources of the internal audit function for discharging their roles and responsibilities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance and value of effective dialogue with its stakeholders, and is committed to ensuring the Group maintains transparent and regular communication channels to build long-term relationship with various stakeholders.</p> <p>The communication channels in place, amongst others, are as follows:</p> <p><b>a) Announcement to Bursa Malaysia</b> The Company makes timely public announcements and disclosures to Bursa Malaysia, which include quarterly financial results, material transactions involved, changes in Directors/Substantial Shareholders' interests as well as any other material information that is reasonably expected to have a substantial impact on the Company's Securities and/or investors' decision-making.</p> <p><b>b) Investors and Research Analysts Briefing and Dialogue</b> The Company conducts engagement sessions with investors and research analysts, after quarterly results are released, to discuss the Group's financial performance and results as well as immediate and long-term strategies, along with their implications.</p> <p><b>c) Company's Website</b> The Company maintains a regularly updated and informative corporate website at <a href="http://www.ame-elite.com">www.ame-elite.com</a>. The website has a dedicated "Investor Relations" section, in which all relevant corporate information on the Group are provided, including financial calendar, corporate governance documents and policies, regulatory announcements and disclosures, annual report, corporate governance report, quarterly results, corporate presentations, press releases and analyst coverage.</p> <p><b>d) Investor Relations Function</b> The Company has a separate investor relations function managed by designated personnel. The investor relations</p>

	<p>function serves as a conduit between the Company and various investors/financial communities pertaining to the Group's corporate development strategies and financial plans. It facilitates and manages investor-related activities such as investor roadshow, quarterly financial results briefing, press releases, as well as site visits and meetings with institutional investors, fund managers and analysts.</p> <p>Any enquiries on investor-related matters may be directed to the email address, <a href="mailto:corporate@ame-elite.com">corporate@ame-elite.com</a> or may also be conveyed to the following persons:-</p> <p><b>Mr Gregory Lui</b>  <i>Group Financial Controller</i>  Contact No.: (607) 5959 666  Email: <a href="mailto:gregory.lui@amedev.com.my">gregory.lui@amedev.com.my</a></p> <p><b>Ms Julia Pong</b>  <i>Investor Relations Officer</i>  Contact No.: (603) 2711 1391  Email: <a href="mailto:ame-elite@investor.net.my">ame-elite@investor.net.my</a></p> <p>While the Company endeavours to disseminate timely information to investors and financial communities through the above channels, the Company is also mindful that all corporate disclosures take into account the prevailing legislative restrictions and requirements. The Company will avoid instances of disseminating unpublished price-sensitive information and will not provide undisclosed material information to a specific group.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 11.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company does not fall under the category of Large Companies as defined in the MCGG.	
		Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Others	Not applicable

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company is committed to dispatching the AGM Notice to shareholders at least twenty-eight (28) days before the AGM, in advance of the minimum mandated period of twenty-one (21) days as stated in the Company Act 2016 and the MMLR.</p> <p>The Company will hold its 1st AGM since being listed on the Main Market of Bursa Malaysia (2nd AGM since incorporation) on 27 August 2020. The AGM Notice with accompany notes were disseminated to shareholders on 30 July 2020, effectively serving twenty-eight (28) days of notice.</p> <p>In addition, the AGM Notice was published in two (2) local English newspapers and made available on the Company's website to encourage shareholders' attendance and participation.</p> <p>The additional time given allows the shareholders to make necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. It also empowers the shareholders with sufficient preparation time to consider the resolutions and to make informed voting decisions at the AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board expects a full attendance from all its Directors as well as its External Auditors for the forthcoming AGM on 27 August 2020. The Board Committee Chairpersons will respond questions in relation to their roles and functions while the External Auditors will answer questions relevant to the audit process and matters.</p> <p>The Board Chairperson will chair the AGM and will together with the Executive Directors and Senior Management ensure all proposed resolutions are explained in detail before putting for poll voting. Shareholders will be invited to raise questions so they may make an informed judgement and vote accordingly.</p> <p>The Company will also appoint an independent scrutineer to monitor the process of poll voting and to validate the votes cast in the AGM. The outcome of the AGM will be announced to Bursa Malaysia as soon as practicable and published on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	After due regard to the current shareholders base, the Company is of the view that the number and percentage of its foreign shareholders does not warrant additional arrangements for voting in absentia and remote participation by shareholders. However, the Company will look into a suitable and reliable system for future implementation.	
		Alternate Practice: With an aim to promote active shareholders' engagement, shareholders who are unable to attend the forthcoming AGM are allowed to appoint their respective proxies to participate, speak and vote on their behalf at the AGM.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Others	Not applicable

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

Not applicable
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