

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5293
COMPANY NAME : AME Elite Consortium Berhad
FINANCIAL YEAR : March 31, 2023

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 TO 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board of Directors ("Board") of AME Elite Consortium Berhad ("AME" or "Company") is collectively responsible for the proper stewardship of the business of AME and its subsidiaries (collectively referred to as the "Group") with the ultimate objective of realising long-term shareholder value while considering 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 set out in the Board Charter as follows:</p> <p>Strategy</p> <ul style="list-style-type: none">a) Set the values, standards, objectives and strategic aims of the Company;b) Together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;c) Review, challenge and decide on Management's proposals for the Company and monitor its implementation by the Management; andd) Ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability. |

Risk Management and Internal Control

- a) Ensure there is a sound framework for risk management and internal control;
- 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 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) Ensure that Senior Management has the necessary skills and experience, and that there are measures in place to provide for the orderly succession of the Board and Senior Management;
- c) Review the participation of women in Senior Management to ensure there is a healthy talent pipeline;
- d) Supervise and assess Management's performance to determine whether the business is being properly-managed;
- e) Evaluate and determine the necessary training, mentoring and coaching needs of Directors and Senior Management; and
- f) 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, transparent and regular 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 Directors can understand financial statements and form a view on the information presented;
- b) Ensure the integrity of the Company's financial and non-financial reporting; and
- c) 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 the corporate governance framework to ensure good practices in line with the Malaysian Code of Corporate Governance 2021 ("**MCCG**") as well as in compliance with the Companies Act 2016 ("**CA 2016**"), the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") and other applicable laws or regulatory requirements.

Sustainability

- a) Together with the Management, take responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets;
- b) Take into account sustainability considerations when exercising its duties including, among others, the development and implementation of the Company's strategies, business plans, major plans of action and risk management;
- c) Ensure the Company's sustainability strategies, priorities and targets, as well as performance against these targets are communicated to its internal and external stakeholders;
- d) Take appropriate action to ensure Directors stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities; and
- e) Review the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities.

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 Key Senior Management;
- e) Anti-Bribery and Anti-Corruption Policy;
- f) Risk Management Framework;
- g) Corporate Disclosure Policy;
- h) Board Induction Policy;
- i) Sustainability Policy;
- j) Directors' Fit and Proper Policy;
- k) Diversity and Inclusion Policy;

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| | <p>l) Succession Planning Framework; m) Sustainability Framework; and n) Non-Audit Services Policy.</p> <p>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 the 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.</p> <p>The Board Committees assist 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.</p> <p>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.</p> <p>The Terms of Reference of the Board Committees are available on the Company’s website at www.ame-elite.com.</p> <p>Schedule of Matters Reserved for the Board</p> <p>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:</p> <ul style="list-style-type: none"> 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. <p>During FY2023, 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 in the Corporate Governance Overview Statement (“CG Overview Statement”) of the Company’s Annual Report 2023 (“AR2023”).</p> |
| <p>Explanation for departure :</p> | |

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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is led by Tengku Azrina Binti Raja Abdul Aziz, an Independent Non-Executive Chairperson. Her 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"> a) Providing leadership for the Board so that the Board can perform its responsibilities effectively; b) Setting the Board meeting agenda and ensuring that Board members promptly receive complete and accurate information ; c) Leading Board meetings and discussions, including encouraging active participation from Board members and allowing dissenting views to be freely expressed; d) Managing the interface between Board and Management; e) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; f) Leading the Board in the adoption and implementation of good corporate governance practices in the Company; g) Presiding as the Chairperson at every General Meeting; and h) Other responsibilities as assigned by the Board from time to time. |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <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 Tengku Azrina Binti Raja Abdul Aziz as the Board Chairperson and 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 the explanation on the application of Practice 1.2 above. 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">a) Enhance stakeholder value and returns by motivating business development and operating efficiency;b) Create conditions for the systematic scanning of emerging business conditions and reviewing business philosophy, goals and values;c) Provide conceptual leadership to interpret stakeholder needs and strategically integrate the different business units;d) Determine operating goals, objectives and standards by setting and reviewing operations goals and targets;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;f) Enhance Group's performance and productivity by seeking areas for synergy;g) Protect and monitor the proper use of the Group's assets;h) Manage Board's communications and create conditions for timely decision-making and execution;i) Review policies and monitor compliance with all relevant legislations and regulations; andj) Ensure high performance and productivity of Senior Management by creating conditions for their motivation, performance management and professional development. |

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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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

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| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> | |
| Application | : Departure |
| Explanation on application of the practice | : |
| Explanation for departure | : After due deliberation and consideration, the ARMC, NC and RC invited the Board Chairperson, Tengku Azrina Binti Raja Abdul Aziz, to participate in the Board Committees' meetings held in FY2023 to leverage on her knowledge and experience. The Board is of the view that the attendance of the Board Chairperson, who is also an Independent Non-Executive Director, in the Board Committees' meetings has no implication to the Board Committees in achieving its objective and independent discussion. All the standing Board Committees, being ARMC, NC and RC comprise exclusively Independent Non-Executive Directors in accordance with the MCCG's recommendations. In the annual assessment of Board Committees' effectiveness, all the Board Committees are also evaluated to be performing and effective in discharging their roles and responsibilities as per the Terms of Reference. In addition, the Board considers that given the diverse skills, and competencies of its Directors, including Independent Directors, who are appointed to form a strong and balanced Board with an appropriate mix of skills, knowledge, experience and attributes, the participation by the Board Chairperson at the Board Committees level should be determined by the Board Chairperson's ability to contribute and participate objectively. Through the annual assessment of the Independent Directors, the Board is satisfied with the level of independence demonstrated by all the Independent Directors (including the Board Chairperson) and their ability to act in the best interest of the Company. Nevertheless, the Board is mindful of the recommendation from the MCCG. In this regard, the Board Chairperson has resigned as a member of all the Board Committees with effect from 1 March 2022. The Board Committees will continue to assess the requirements of inviting the Board Chairperson to attend the Board Committees' meetings. |

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

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>During FY2023, the Board was supported by two (2) qualified and competent Company Secretaries, namely Santhi A/P Saminathan and Tai Yit Chan, who, respectively, possess more than ten (10) 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 CA 2016 and are associate members of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”).</p> <p>The Company Secretaries actively support 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 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">a) Advising the Board on its roles and responsibilities;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 the flow of information to the Board;c) Facilitating the orientation of newly-appointed Directors and assisting in the training and professional development of Directors;d) Advising the Board on corporate disclosures and regulatory compliance matters;e) Managing processes pertaining to the Annual General Meetings (“AGM”s);f) Monitoring corporate governance developments and assisting the Board in interpreting and applying corporate governance practices to meet the Board's needs and stakeholders' expectations; andg) Serving as a focal point for stakeholders' communication and engagement on corporate governance issues. |
| Explanation for departure | : | |

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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 1.6

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <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 their time.</p> <p>To ensure effective deliberation at the Board and Board Committee meetings, notices and agendas of meeting and other materials are circulated at least seven (7) days before the Board and Board Committee meetings to ensure Directors have sufficient information and time to review and prepare for the 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 in a timely manner. Action items identified during meetings are highlighted for follow-up action to be undertaken by the Management.</p> |
| Explanation for departure | : | |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <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 periodically reviews the Board Charter to ensure its relevance, effectiveness and consistency with the Company’s objective, practices and current laws. The Board adopted the Board Charter on 26 February 2020 and reviewed it on 25 July 2022, in line with the principles set out in the MCCG. The Board Charter is publicly available on the Company’s website at www.ame-elite.com.</p> |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has a Code of Conduct and Ethics ("Code") 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">a) Conflict of interest;b) Corruption, acceptance and provision of gifts;c) Money laundering;d) Confidential information;e) Insider information and securities trading;f) Protection of the Group's assets and funds;g) Records management and control;h) Fair dealing;i) Workplace health and safety;j) Sexual harassment and violence;k) Fair and courteous behaviour; andl) Compliance with laws, rules and regulations. <p>The Board periodically reviews the Code at least once every three (3) years to ensure its relevance, effectiveness and consistency with the Company's objectives, practices and current laws. The Board adopted the Code on 26 February 2020 and reviewed it on 24 February 2023. The Code is published on the Company's website at www.ame-elite.com. 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> |
| Explanation for departure | : | |

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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.

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| Application : | Applied | | | | | | |
| Explanation on application of the practice : | <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 any suspected improper conduct within the Group in a structured way that aligns with good corporate governance practices. Any party who makes a report of improper conduct in good faith will be protected against reprisal and retaliation and is encouraged to disclose the inappropriate conduct through the following reporting channels:</p> <table border="1"><tr><td>Name</td><td>: Chang Tian Kwang (Chairperson, Nomination Committee)</td></tr><tr><td>By mail</td><td>: Boardroom Corporate Services Sdn. Bhd. (Johor Branch) Suite 9D, Level 9, Menara Ansar, No. 65 Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim, Malaysia.</td></tr><tr><td>Via e-mail</td><td>: whistleblow@ame-elite.com</td></tr></table> <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 Board periodically reviews the Whistleblowing Policy at least once every three (3) years to ensure its relevance, effectiveness and consistency with the Company's objective, its practices and current laws. The Board adopted the Whistleblowing Policy on 26 February 2020 and reviewed it on 24 February 2023. The Whistleblowing Policy is published on the Company's website at www.ame-elite.com.</p> <p>During FY2023, there was no complaint, or whistleblowing report channelled through the whistleblowing channel.</p> | Name | : Chang Tian Kwang (Chairperson, Nomination Committee) | By mail | : Boardroom Corporate Services Sdn. Bhd. (Johor Branch) Suite 9D, Level 9, Menara Ansar, No. 65 Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim, Malaysia. | Via e-mail | : whistleblow@ame-elite.com |
| Name | : Chang Tian Kwang (Chairperson, Nomination Committee) | | | | | | |
| By mail | : Boardroom Corporate Services Sdn. Bhd. (Johor Branch) Suite 9D, Level 9, Menara Ansar, No. 65 Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim, Malaysia. | | | | | | |
| Via e-mail | : whistleblow@ame-elite.com | | | | | | |
| Explanation for departure : | | | | | | | |

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Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance of sustainable development and is committed to embedding sustainability principles and values into the Group's strategic plans, targets, business processes and risk management. It has proactively taken the step to define and formalise the sustainability responsibilities of the Board in its Board Charter with reference to the MCCG's recommendations. Similarly, the Board, as recommended by the NC, has also approved the inclusion of an entirely new section in the Board Effectiveness Evaluation Form to ensure there is an annual review on the Board's effectiveness and performance relating to sustainability and the Environmental, Social and Governance ("ESG") aspects.</p> <p>To ensure the Group has an effective system to govern sustainability matters, the Board has adopted a Sustainability Policy and established a sustainability governance structure. A Sustainability Framework has also been developed and adopted in FY2023, which is aligned with Group's commitment to improve sustainability practices.</p> <p>In addition, a Sustainability Steering Committee has been formed with the primary role of supporting the Board in implementing and managing sustainability strategies, initiatives and processes which is aligned with the Group's business strategy and goal. The Sustainability Steering Committee is responsible in reviewing and updating sustainability progress, reporting significant sustainability issues, and making necessary sustainability recommendations for implementation to the Board.</p> <p>The Sustainability Steering Committee is assisted by a Sustainability Working Group in the day-to-day management of sustainability matters at the respective divisions and/or departments of the Group. The Sustainability Working Group is also tasked with sustainability initiatives researching to enhance the Group's sustainability performance, data collection, assisting</p> |

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| | <p>in the development of action plans, identifying and highlighting key challenges that require resolution or escalation, and progress tracking and reporting to the Sustainability Steering Committee.</p> <p>In addition, the Board has engaged a third-party professional sustainability consulting firm to strengthen and enhance the Group's overall sustainability framework. Further details of the Group's sustainability initiatives and roles of the Sustainability Steering Committee and the Sustainability Working Group are outlined in the Sustainability Statement of the AR2023.</p> | |
| <p>Explanation for departure</p> | | |
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| <p>Measure</p> | | |
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Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is committed to transparency, engagement, and consistent communication of sustainability strategies, priorities and targets to its internal and external stakeholders.</p> <p>The Company publishes Annual Report and Sustainability Statement annually, including detailed disclosure of its commitments and achievements in sustainable development and its management approach, strategies, priorities and initiatives in the ESG aspects.</p> <p>The Company also maintains a regularly updated and informative corporate website at www.ame-elite.com, which has a dedicated “Sustainability” section. The Sustainability Policy, the Sustainability Framework and the latest Sustainability Statement are published on the website to facilitate sustainability communication with external stakeholders.</p> <p>Regular sustainability meetings, discussions and briefings are conducted within the Group to ensure Directors and employees have good awareness and understanding of the Group’s sustainability policy and management approach.</p> |
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Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Sustainability Steering Committee provides regular updates to the Board in the quarterly Board meetings on the progress of the Group's sustainability priorities and initiatives. Significant sustainability issues and concerns, if any, are also reported to the Board to ensure Directors keep abreast of the Group's sustainability matters and make informed decisions.</p> <p>On an annual basis, the Board is provided with a detailed presentation on the Sustainability Statement which covers specific knowledge and updates on integrating sustainability matters into the Group's business model and the emergence of sustainability risks and opportunities.</p> <p>The Board recognises the importance of continuing professional development and learning to sustain its knowledge and active participation in the Board deliberations. During FY2023, members of the Board continue to attend a wide range of training programmes, webinars, seminars and/or dialogues, including those specifically related to sustainability and ESG. Details on the training courses attended by members of the Board during FY2023 are as set out in the CG Overview Statement of the AR2023.</p> |
| Explanation for departure | : | |
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Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The NC conducts a board effectiveness evaluation annually to evaluate the performance and effectiveness of the Board as a whole, Board Committees and individual Directors. The evaluation has a dedicated sustainability chapter to cover questions and assessments on sustainability oversight by the Board and Management.</p> <p>Based on the evaluation results, an average score of 2.8 out of a 4-scale rating indicated a satisfactory performance of the Board in sustainability and ESG for FY2023. Through the evaluation the Board had also identified specific areas (with lower rating) that require improvement or attention and had determined follow-up actions to be undertaken by the Board and/or Management.</p> <p>The Board will continue to enhance its performance management system to ensure there is an effective system for monitoring sustainability key performance indicators and targets as well as establish accountability among Senior Management to achieve the Group’s sustainability targets.</p> | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

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| <i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i> | |
| Application | : Adopted |
| Explanation on adoption of the practice | : <p>The Group's Sustainability Steering Committee is headed by Lee Ling Sien, the Alternate Director to Lee Chai, the Group Managing Director. Lee Ling Sien is tasked with the primary roles of providing leadership and direction to the Sustainability Steering Committee and Sustainability Working Group, instilling good sustainability practices within the Group, ensuring proper implementation of sustainability policies and initiatives as well as driving the development of the Group's sustainability reporting framework. She is assisted by a Sustainability Executive in managing the day-to-day sustainability matters.</p> <p>Apart from taking charge of the above-mentioned roles and functions, during FY2023, Lee Ling Sien has also spearheaded the following sustainability initiatives:</p> <ol style="list-style-type: none">1) Implementation of the Sustainability Framework and the Sustainability Framework Guidebook for Directors and employees;2) Enhancement to sustainability-related data collection and disclosure;3) Materiality assessment for FY2023;4) Integration of sustainability considerations into the Group's Risk Register; and5) Establishment of a sustainability system in AME Real Estate Investment Trust, a newly established subsidiary listed on Bursa Malaysia (including data tracking system, planning and implementation of corporate social responsibility (CSR) programmes and implementation of the Group's Sustainability Policy). |

Intended Outcome

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

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>In line with the Company's Constitution and the Listing Requirements, one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office and be eligible for re-election, provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.</p> <p>At the 4th AGM of the Company held on 28 September 2022, the retiring Directors, Lee Chai, Tan Lay Beng and Chang Tian Kwang, being eligible, had been re-elected as Directors of the Company. All retiring Directors had undergone a performance evaluation conducted by the NC and were evaluated to be effective and valuable to the Board. The NC was satisfied with the level of independence demonstrated by all the retiring Independent Directors and their ability to act in the best interest of the Company. The tenure of the retiring Independent Directors were less than nine (9) years. Based on the assessments, the NC had recommended to the Board, their re-election as Directors at the 4th AGM and their re-election was subsequently approved by the shareholders.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.2

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

| Application | : | Applied | | | | | | | | | | | | | | |
|---|---------------------------------------|--|------|--------------|-------------------------------------|---------------------------------------|---|-------------------------|---|--------------------|--|--------------|--------------|------------------------------------|------------------|---------------|
| Explanation on application of the practice | : | <p>During FY2023, 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>Tengku Azrina Binti Raja Abdul Aziz</td> <td>Independent Non-Executive Chairperson</td> </tr> <tr> <td>Lee Chai <i>(his alternate, Lee Ling Sien)</i></td> <td>Group Managing Director</td> </tr> <tr> <td>Lim Yook Kim <i>(his alternate, Lim Pei Shi)</i></td> <td rowspan="3">Executive Director</td> </tr> <tr> <td>Kang Ah Chee <i>(his alternate, Kang Koh Wei)</i></td> </tr> <tr> <td>Lee Sai Boon</td> </tr> <tr> <td>Tan Lay Beng</td> <td rowspan="3">Independent Non-Executive Director</td> </tr> <tr> <td>Chang Tian Kwang</td> </tr> <tr> <td>Wee Soon Chit</td> </tr> </tbody> </table> <p>The profile of each Director is detailed in the Board of Directors' Profile Section of the AR2023.</p> <p>The 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, to promote effective deliberation, encourage active participation of all Directors and 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 | Tengku Azrina Binti Raja Abdul Aziz | Independent Non-Executive Chairperson | Lee Chai <i>(his alternate, Lee Ling Sien)</i> | Group Managing Director | Lim Yook Kim <i>(his alternate, Lim Pei Shi)</i> | Executive Director | Kang Ah Chee <i>(his alternate, Kang Koh Wei)</i> | Lee Sai Boon | Tan Lay Beng | Independent Non-Executive Director | Chang Tian Kwang | Wee Soon Chit |
| Name | Directorship | | | | | | | | | | | | | | | |
| Tengku Azrina Binti Raja Abdul Aziz | Independent Non-Executive Chairperson | | | | | | | | | | | | | | | |
| Lee Chai <i>(his alternate, Lee Ling Sien)</i> | Group Managing Director | | | | | | | | | | | | | | | |
| Lim Yook Kim <i>(his alternate, Lim Pei Shi)</i> | Executive Director | | | | | | | | | | | | | | | |
| Kang Ah Chee <i>(his alternate, Kang Koh Wei)</i> | | | | | | | | | | | | | | | | |
| Lee Sai Boon | | | | | | | | | | | | | | | | |
| Tan Lay Beng | Independent Non-Executive Director | | | | | | | | | | | | | | | |
| Chang Tian Kwang | | | | | | | | | | | | | | | | |
| Wee Soon Chit | | | | | | | | | | | | | | | | |
| Explanation for departure | : | | | | | | | | | | | | | | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | | | | | | | | | | | | | | | |

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| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

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| Application | : | Not applicable - Step Up 5.4 adopted | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

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| <i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i> | |
| Application | : Adopted |
| Explanation on adoption of the practice | : The Board, through its Board Charter, has a policy which limits the tenure of its Independent Directors to nine (9) years without further extension. 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 considering diverse perspectives and insights.

Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board sees a diverse Board and Senior Management as vital to sustainable development and growth. It is committed to promoting a diverse, inclusive and equitable workplace.</p> <p>In tandem with Clause 3.2 of the Board Charter, in nominating candidates for directorship, the NC will consider the fitness and properness of the candidate, which include, amongst others, the required mix of diversity in skills, experience, age, cultural background, gender, character, integrity, competence and time commitment of the candidates, including those who retire and offer themselves for re-election.</p> <p>Clause 3.5 of the Board Charter also requires Directors to notify the Board Chairperson before accepting any new directorship. The notification should include the indication of time spent on the new appointment. This is to ensure Directors can devote sufficient time and attention to the Group's affairs and to serve the Board effectively.</p> <p>In accordance with the amendments to Paragraph 15.01A of the Listing Requirements, which took effect on 1 July 2022, the Board has adopted a Directors' Fit and Proper Policy to set out criteria for the selection of candidates that are proposed to be appointed as Directors, including Directors who are seeking for re-election. The criteria serve as a guide for the NC and the Board in reviewing and assessing the candidates, which include the following:</p> <ul style="list-style-type: none">a) Character and integrity Probity, personal integrity, and financial integrity and reputationb) Experience and competence Qualifications, training and skills, relevant experience and expertise, and relevant past performance or track record |

| | |
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| | <p>c) Time and commitment Ability to discharge role having regard to other commitments, and participation and contribution to the Board or track record.</p> <p>The Directors' Fit and Proper Policy is published on the Company's website at www.ame-elite.com.</p> <p>In addition, the Board has adopted the MCCG's recommendation in its Board Charter to avoid appointing an active politician as a member of the Board to mitigate potential conflict of interest situations.</p> <p>Through an annual assessment conducted by the NC on the Board, the Board has considered that its current composition is well-balanced with an 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 Board composition in terms of skills and background experience, age, gender and ethnicity are set out in the CG Overview Statement of the AR2023.</p> <p>During FY2023, all directors have recorded attendance exceeding the minimum 50% attendance requirement for Board meetings as stipulated in the Listing Requirements. The Board is satisfied with the time commitment given by the Directors, as illustrated by their attendance at the Board and Board Committee meetings.</p> <p>Details on the number of meetings attended by each Director in FY2023 are set out in the CG Overview Statement of the AR2023.</p> |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

Intended Outcome

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

Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

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| Application | : | Applied |
| Explanation on application of the practice | : | <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 to meet the Company's future needs, considering 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> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The profiles of all Directors, including retiring Directors standing for re-election, are published in the annual report and on the Company's website at www.ame-elite.com. These include their age, gender, tenure of service, position in the Company, qualification, working experience, directorship in other public companies and/or listed issuers, conflict of interest (if any) as well as family relationship with any Director and/or major shareholder of the Company.</p> <p>Other information such as meeting attendance, records of training attended, remuneration and shareholdings in the Company and its subsidiaries, are also set out in the relevant sections of the annual report.</p> <p>The names of the retiring Directors are disclosed in the notice of AGM and the statement accompanying the notice of AGM. The Board and the NC's assessment and recommendation on the re-appointment of retiring Directors are provided in the corporate governance overview statement of the annual report and detailed in the corporate governance report.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.8

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

| Application | : Applied | | | | | | | | | | | | |
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| Explanation on application of the practice | <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 and 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 www.ame-elite.com.</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>Chang Tian Kwang</td><td>Chairperson</td><td>Independent Non-Executive Director</td></tr><tr><td>Tan Lay Beng</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>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, convening additional meetings as and when required.</p> <p>Among the key activities of the NC during/for FY2023 were as follows:</p> <ol style="list-style-type: none">Reviewed the evaluation forms for the annual assessment of the Board, including training needs, to be in line with the Listing Requirements and the MCCG before undertaking the evaluation process;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;Evaluated and assessed the effectiveness of each Director by undertaking an evaluation process involving self-assessment as well as their peers' performance by individual Directors;Assessed the independence of the Independent Directors and their ability to exercise independent judgement | Name | Designation | Directorship | Chang Tian Kwang | Chairperson | Independent Non-Executive Director | Tan Lay Beng | Member | Independent Non-Executive Director | Wee Soon Chit | Member | Independent Non-Executive Director |
| Name | Designation | Directorship | | | | | | | | | | | |
| Chang Tian Kwang | Chairperson | Independent Non-Executive Director | | | | | | | | | | | |
| Tan Lay Beng | Member | Independent Non-Executive Director | | | | | | | | | | | |
| Wee Soon Chit | Member | Independent Non-Executive Director | | | | | | | | | | | |

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| | <p>through a self-assessment by each Director based on the criteria set out in the Listing Requirements.</p> <ul style="list-style-type: none"> e) Assessed the effectiveness of the ARMC, NC and RC; f) Assessed the training needs of each Director; 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 h) Reviewed the Terms of Reference and the Statement of Activities of the NC. | |
| Explanation for departure : | | |
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| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

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| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Currently, the Board comprises two (2) female Directors out of eight (8) Directors, representing 25% women Directors. | |
| | | <p>The Board has taken cognisance of the recommendation by the MCCG to work towards a Board comprising 30% women Directors and will continue to look out for suitable women candidates based on a set of criteria relevant to the Group's businesses.</p> <p>On 22 October 2018, the Board has taken the initial step of appointing Lim Pei Shi as an Alternate Director to Lim Yook Kim, an Executive Director¹. Subsequently, Lee Ling Sien was appointed on 12 May 2020, as an Alternate Director to Lee Chai, the Group Managing Director, to further strengthen the Board's gender balance and diversity. The Board has plans to groom Lim Pei Shi and Lee Ling Sien to assume greater board responsibilities. The appointments are also a part of the Board's succession planning to foster future leaders and successors.</p> <p>The Board, through the NC, will continue to actively search for other suitable and well qualified female directors to join the Board.</p> <p>Note: 1) In line with the Company's succession plan, Lim Yook Kim has opted to resign from his position as Executive Director with effect from 1 June 2023. As such, Lim Pei Shi ceased to be the Alternate Director to Lim Yook Lim following his resignation. Lim Pei Shi was appointed as the Alternate Director to Lim Khai Wen on 1 June 2023.</p> | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | Not applicable | |
| Timeframe | : | Others | Not applicable |

Intended Outcome

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

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The disclosure of the Company's policy on gender diversity is set out in the CG Overview Statement of the AR2023.</p> <p>The Board has established a Diversity and Inclusion Policy to set out its approach to diversity and inclusion within the Group.</p> <p>The Board's commitment to workplace diversity includes embracing and promoting differences in terms of, but not limited to, gender, age, ethnicity, religion, physical appearance and cultural background. This includes practicing non-discrimination throughout the Group's employment processes, including recruitment and retention, performance evaluation, promotion, training, career development and succession planning.</p> <p>In particular to gender diversity, the Board is committed to support the representation of women in the composition of the Board and Senior Management. It will utilise the following strategies in attaining its gender diversity commitment:</p> <ul style="list-style-type: none">a) recruiting from a diverse pool of candidates for female positions;b) identifying specific factors to take into account the recruitment and selection processes to encourage gender diversity; andc) reviewing succession plans to ensure an appropriate focus on gender diversity. <p>In addition, the Board recognises its current Board composition with two (2) female Directors out of the total eight (8) Directors, representing 25% women Directors, is below the 30% gender diversity recommendation by the MCCG and will continue to look out for suitable women candidate based on a set of criteria relevant to the Group's businesses.</p> |
| Explanation for departure | : | |
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

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| <i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : <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 “Board Effectiveness Evaluation”). 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 (4th edition), which include, amongst others:</p> <ul style="list-style-type: none">a) Evaluation of the Board; Size and composition, mix of skills and experience, quality of information and decision-making, and boardroom activitiesb) Evaluation of the Board relating to ESG or Sustainability;c) Evaluation of the Board Committees (including the Chairperson of respective Committees); Size, composition and governance, meeting administration and conduct, skills and competencies, duties and responsibilities, and disclosured) Self and Peer Evaluation of Individual directors (including the Board Chairperson and the Group Managing Director); and Contribution and performance, time commitment, personal knowledge and experience, and calibre and personality |

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|---|---|--|
| | <p>e) Self-assessment by Independent Directors. Background, economic relationship, family relationships and term of office</p> <p>The Board Effectiveness Evaluation for FY2023 was conducted in May 2023. Overall, the Board was satisfied with the performance and effectiveness of the Board as a whole. All the Board Committees were evaluated to perform and effectively discharge their roles and responsibilities as per the Terms of Reference.</p> <p>Further, the self and peer evaluation of each Director indicated that all the Directors believe 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. All members of the Board, including Independent Directors, have served for less than five (5) years on the Board.</p> <p>Through the evaluation, the Board has also identified specific areas (with lower rating) that require improvement or attention and has determined follow-up actions to be undertaken by the Board and/or Management.</p> | |
| <p>Explanation for departure</p> | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | | |
| <p>Timeframe</p> | | |

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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

| | | |
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| Application | : | Applied |
| Explanation on application of the practice | : | <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 remuneration to avoid conflict of interest. Still, 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 consistency with the Company's objectives, practices and current laws. The Board adopted the Policy on 12 May 2020 and reviewed it on 26 May 2023. The Policy is published on the Company's website at www.ame-elite.com.</p> |

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

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 7.2

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.

| Application | : | Applied | | | | | | | | | | | | |
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| Explanation on application of the practice | : | <p>The RC assists the Board in developing and administrating a fair and transparent procedure for setting policy on the 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 with the skills, experience and knowledge to drive its long-term objectives.</p> <p>The Terms of Reference of the RC are available on the Company's website at www.ame-elite.com.</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>Wee Soon Chit</td><td>Chairperson</td><td>Independent Non-Executive Director</td></tr><tr><td>Tan Lay Beng</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>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, convening additional meetings as and when required.</p> <p>Among the key activities of the RC during/for FY2023 were as follows:</p> <ul style="list-style-type: none">a) Reviewed and discussed the performance of each Director with reference to the Board Effectiveness Evaluation conducted by the NC; | Name | Designation | Directorship | Wee Soon Chit | Chairperson | Independent Non-Executive Director | Tan Lay Beng | Member | Independent Non-Executive Director | Chang Tian Kwang | Member | Independent Non-Executive Director |
| Name | Designation | Directorship | | | | | | | | | | | | |
| Wee Soon Chit | Chairperson | Independent Non-Executive Director | | | | | | | | | | | | |
| Tan Lay Beng | Member | Independent Non-Executive Director | | | | | | | | | | | | |
| Chang Tian Kwang | Member | Independent Non-Executive Director | | | | | | | | | | | | |

| | | |
|--|---|--|
| | b) Reviewed and recommended the Directors' Fees and benefits payable to be tabled and approved by shareholders at the forthcoming AGM; c) Reviewed and assessed the Executive Directors' salaries, annual bonuses and other emoluments; and d) Reviewed the Terms of Reference and the Statement of Activities of the RC. | |
| Explanation for departure : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

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 8.1

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.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Directors' remuneration for FY2023 was reviewed by the RC and considered appropriate with due regard made to the market competitiveness and conditions, financial performance of the Group and performance of the Directors. It was recommended to the Board for approval and was subsequently approved by the Board without the participation of the 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 5th AGM for the payment of Directors' fees and benefits for Directors of the Company and a wholly owned subsidiary of the Company, I REIT Managers Sdn Bhd, the Manager of AME Real Estate Investment Trust.</p> <p>Details of the Directors' remuneration for FY2023 are set out in the table below and in the CG Overview Statement of the AR2023. For the avoidance of doubt, for Lim Yook Kim, Kang Ah Chee, Lim Pei Shi, Kang Koh Wei and Lim Khai Wen, the resignation/appointment to their current directorship in the Company took effect from 1 June 2023. The Directors' remuneration represents the entire remuneration received or receivable in their previous role within the Company and/or subsidiary companies during FY2023.</p> |

| No | Name | Directorate | Company ('000) | | | | | | | Group ('000) | | | | | | |
|----|--|----------------------|----------------|-----------|--------|-------|------------------|------------------|-------|--------------|-----------|--------|---------|------------------|------------------|---------|
| | | | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total |
| 1 | Lee Chai | Executive Director | 72.0 | 4.0 | - | - | - | - | 76.0 | 132.0 | 7.5 | 960.0 | 2,470.0 | 28.0 | 413.7 | 4,011.2 |
| 2 | Lim Yook Kim (Resigned on 1 June 2023) | Executive Director | 72.0 | 4.0 | - | - | - | - | 76.0 | 72.0 | 4.0 | 480.0 | 494.0 | 12.7 | 117.8 | 1,180.5 |
| 3 | Kang Ah Chee (Resigned as Executive Director and appointed as Alternate Director to Kang Koh Wei on 1 June 2023) | Executive Director | 72.0 | 3.5 | - | - | - | - | 75.5 | 72.0 | 3.5 | 480.0 | 494.0 | 15.5 | 117.8 | 1,182.8 |
| 4 | Lee Sai Boon | Executive Director | 72.0 | 4.0 | - | - | - | - | 76.0 | 144.0 | 7.5 | 720.0 | 2,038.0 | 28.0 | 335.0 | 3,272.5 |
| 5 | Tengku Azrina Binti Raja Abdul Aziz | Independent Director | 115.2 | 4.5 | - | - | - | - | 119.7 | 115.2 | 4.5 | - | - | - | - | 119.7 |
| 6 | Tan Lay Beng | Independent Director | 91.2 | 4.5 | - | - | - | - | 95.7 | 91.2 | 4.5 | - | - | - | - | 95.7 |
| 7 | Chang Tian Kwang | Independent Director | 79.2 | 4.5 | - | - | - | - | 83.7 | 79.2 | 4.5 | - | - | - | - | 83.7 |
| 8 | Wee Soon Chit | Independent Director | 79.2 | 4.5 | - | - | - | - | 83.7 | 79.2 | 4.5 | - | - | - | - | 83.7 |
| 9 | Lim Pei Shi (Ceased as Alternate Director to Lim Yook Kim and appointed as Alternate Director to Lim Khai Wen on 1 June 2023) | Executive Director | - | - | - | - | - | - | - | - | - | 204.0 | 422.0 | 24.0 | 76.1 | 726.1 |

| | | | | | | | | | | | | | | | | |
|----|---|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 10 | Lee Ling Sien (Alternate Director to Lee Chai) | Executive Director | - | - | - | - | - | - | - | - | - | 172.0 | 183.0 | 8.8 | 45.1 | 408.9 |
| 11 | Kang Koh Wei (Ceased as Alternate Director to Kang Ah Chee and appointed as Executive Director on 1 June 2023) | Executive Director | - | - | - | - | - | - | - | - | - | 204.0 | 237.0 | 13.3 | 54.0 | 508.3 |
| 12 | Lim Khai Wen (Appointed on 1 June 2023) | Executive Director | - | - | - | - | - | - | - | - | - | 204.0 | 207.0 | 20.8 | 50.4 | 482.2 |
| 13 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 14 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 15 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

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 8.2

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.

| Application | : | Departure | | | | | | | | | | | | | |
|--|--|---|----------------|--|--|-------------------|---|-------------------|---|-------------------|---|-----------------------|---|--------------|----------|
| Explanation on application of the practice | : | | | | | | | | | | | | | | |
| Explanation for departure | : | <p>Remuneration of the Group's top five (5) Senior Management personnel for FY2023 are disclosed in bands of RM50,000 as follows:</p> <table border="1"> <thead> <tr> <th>Range of Remuneration ⁽ⁱ⁾ (RM)</th> <th>No. of Senior Management's Personnel ⁽ⁱⁱ⁾</th> </tr> </thead> <tbody> <tr> <td>400,001 - 450,000</td> <td>2</td> </tr> <tr> <td>600,001 - 650,000</td> <td>1</td> </tr> <tr> <td>900,001 - 950,000</td> <td>1</td> </tr> <tr> <td>1,100,001 – 1,150,000</td> <td>1</td> </tr> <tr> <td>Total</td> <td>5</td> </tr> </tbody> </table> <p>Note:</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 names and identities 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 ⁽ⁱ⁾ (RM) | No. of Senior Management's Personnel ⁽ⁱⁱ⁾ | 400,001 - 450,000 | 2 | 600,001 - 650,000 | 1 | 900,001 - 950,000 | 1 | 1,100,001 – 1,150,000 | 1 | Total | 5 |
| Range of Remuneration ⁽ⁱ⁾ (RM) | No. of Senior Management's Personnel ⁽ⁱⁱ⁾ | | | | | | | | | | | | | | |
| 400,001 - 450,000 | 2 | | | | | | | | | | | | | | |
| 600,001 - 650,000 | 1 | | | | | | | | | | | | | | |
| 900,001 - 950,000 | 1 | | | | | | | | | | | | | | |
| 1,100,001 – 1,150,000 | 1 | | | | | | | | | | | | | | |
| Total | 5 | | | | | | | | | | | | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | | | | | | | | | | | | | |
| Measure | : | Not applicable | | | | | | | | | | | | | |
| Timeframe | : | Others | Not applicable | | | | | | | | | | | | |

| No | Name | Position | Company | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | | | Salary | Allowance | Bonus | Benefits | Other emoluments | Total |
| 1 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 2 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 3 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 4 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 5 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |

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 8.3 - Step Up

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

| | | |
|--|---|-------------|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

| No | Name | Position | Company ('000) | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | | | Salary | Allowance | Bonus | Benefits | Other emoluments | Total |
| 1 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 2 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 3 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 4 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 5 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

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 9.1

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | 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 the objectivity of the Board's review of the ARMC's findings and recommendations. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

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 9.2

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | The Board is committed to ensuring the effectiveness and independence of its ARMC. It has formalised policy in its Board Charter to require a former partner of the Company's external audit firm and/or the affiliate firm (including those providing advisory services and tax consulting services) to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC. No former partner of the Company's external audit firm and/or the affiliate firm has been appointed to the Board thus far. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>In line with the ARMC's terms of reference, the ARMC is responsible for conducting 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 the involvement of 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 (4th edition), which covers the following aspects of the External Auditors:</p> <ul style="list-style-type: none">a) Calibre of external audit firm;b) Quality processes/performance;c) Audit team;d) Independence and objectivity;e) Audit scope and planning;f) Audit fees; andg) Audit communications. <p>The evaluation of the External Auditors, Messrs KPMG PLT ("KPMG") for FY2023 was conducted in May 2023. Overall, no major concern had arisen from the assessment and the ARMC was satisfied with the performance of the External Auditors in terms of the quality of service and their exercise of audit independence. Written assurance was obtained from the External Auditors confirming that they are, and have been, independent throughout 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 FY2023 did not 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 FY2024 was recommended by the ARMC to the</p> |

| | | |
|--|---|--|
| | Board. The Board shall seek shareholders' approval for the re-appointment at the 5 th AGM. | |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | | | |
|--|---|--|--------------------|------------------------------------|
| Application | : | Adopted | | |
| Explanation on adoption of the practice | : | The ARMC comprises solely Independent Non-Executive Directors, as set out below: | | |
| | | Name | Designation | Directorship |
| | | Tan Lay Beng | Chairperson | Independent Non-Executive Director |
| | | Chang Tian Kwang | Member | Independent Non-Executive Director |
| | | 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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The current ARMC comprises members in the fields of accountancy, taxation, banking and finance, property consultancy, and corporate governance. The ARMC has the necessary skills to discharge its duties and responsibilities. All members of the ARMC are financially literate and can understand matters under the purview of the ARMC, including the financial reporting process.</p> <p>Two (2) members of the ARMC, including the ARMC Chairperson, are qualified as Chartered Accountants of the Malaysian Institute of Accountants, and thus, fulfilling Paragraph 15.09(1)(c) of the Listing Requirements, 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 in the Board of Directors' Profile Section of the AR2023.</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 FY2023 are as set out in the CG Overview Statement of the AR2023.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

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 10.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <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 the aim to ensure 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, and sets out the risk appetite and tolerance of the Group.</p> <p>The Group’s Risk Management Framework is 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 consistency with the Company’s objective, practices and current laws. The Board adopted the Framework on 26 February 2020 and reviewed it on 24 February 2023. The Framework is published on the Company’s website at www.ame-elite.com.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

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 10.2

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Board discloses the features of the Group's risk management and internal control framework in the Statement on Risk Management and Internal Control of the AR2023. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

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 10.3 - 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.

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>As stated in the explanation on the adoption of the Step-up Practice 9.4, 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 in reviewing and recommending 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/for FY2023 are set out in the ARMC Report in the AR2023.</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 11.1

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The internal audit function of the Group is outsourced to Sterling Business Alignment Consulting Sdn Bhd (“Sterling” or “Internal Auditors”), an independent professional service company. The Internal Auditors assist the ARMC in managing the risks and establishing 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 the Group’s records, physical properties and personnel pertinent to any engagement.</p> <p>The ARMC is responsible for reviewing and assessing the adequacy of the internal audit functions’ scope, functions, competency and resources. In developing the scope of the internal audit function, the ARMC is satisfied that:</p> <ul style="list-style-type: none">a) the person responsible for the internal audit has relevant experience, sufficient standing and authority to discharge his/her functions effectively;b) the firm appointed to carry out the Group’s internal audit function has sufficient resources and can access information to carry out its role effectively; andc) the personnel assigned to undertake internal audits have the necessary competency, experience and resources to carry out the function effectively. <p>The Internal Auditors are precluded from providing any services that may impair their independence or conflict with their role as Internal Auditors.</p> <p>To ensure that the responsibilities of Internal Auditors are fully discharged, the ARMC has established an Internal Audit Function Evaluation Form, as guided by the Bursa Malaysia Corporate Governance Guide (4th edition), to evaluate the performance of the Internal Auditors annually.</p> <p>The evaluation of the Internal Auditors for FY2023 was conducted in May 2023. Based on the evaluation, the ARMC concluded that the Internal Auditors have sufficient experience and resources to satisfy their terms of reference and adequately deliver quality services to the Group. The internal audit function is independent of the operations of the Group and provides</p> |

| | | |
|---|---|--|
| | <p>reasonable assurance that the Group's internal control system is satisfactory and operating effectively.</p> <p>During FY2023, there were two (2) internal audit reports and six (6) internal audit follow-up reports presented to the ARMC, covering assessment of the key functional areas of the Group. Areas for improvement were highlighted to the ARMC, and the implementation of recommendations has consistently been monitored. The Internal Auditors have assured the ARMC that none of the internal control weaknesses has resulted in any material losses, contingencies or uncertainties that would require disclosure in the AR2023.</p> <p>Further details of the internal audit function and key activities are set out in the Statement on Risk Management and Internal Control and the ARMC Report in the AR2023.</p> | |
| <p>Explanation for departure</p> | : | |
| | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | : | |
| <p>Timeframe</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 11.2

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.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>As mentioned in the explanation of the application of Practice 11.1, 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 refers 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> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |

| | | | |
|------------------|---|--|--|
| Timeframe | : | | |
|------------------|---|--|--|

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 12.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance and value of effective dialogue with its stakeholders. It is committed to ensuring the Group maintains transparent and regular communication channels to build long-term relationships with various stakeholders.</p> <p>The communication channels in place, amongst others, are as follows:</p> <p>a) Announcement to Bursa Malaysia 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, corporate proposals, 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) Investors and Research Analysts Briefing and Dialogue After quarterly results are released, the Company performs engagement sessions with investors and research analysts to discuss the Group's financial performance and results as well as immediate and long-term strategies, along with their implications.</p> <p>c) Company's Website The Company maintains a regularly updated and informative corporate website at www.ame-elite.com. The website has a dedicated "Investor Relations" section, in which all relevant corporate information on the Group is provided, including financial calendar, corporate governance documents and policies, regulatory announcements and disclosures, annual reports, corporate governance reports, quarterly results, corporate presentations, press releases and analyst reports.</p> <p>d) Investor Relations Function The Company has a separate investor relations function managed by designated personnel. The investor relations function serves as a conduit between the Company and</p> |

| | | |
|--|---|--|
| | <p>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 roadshows, quarterly financial results briefings, press releases, 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, corporate@ame-elite.com or may also be conveyed to the following persons:</p> <p>Gregory Lui <i>Chief Financial Officer</i> Contact No.: (607) 5959 666 Email: gregory.lui@amedev.com.my</p> <p>Julia Pong <i>Investor Relations Officer</i> Contact No.: (603) 2711 1391 Email: ame-elite@investor.net.my</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 consider 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> | |
| Explanation for departure : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

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 12.2

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

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| Application | : | Not applicable – Not a Large Company | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 13.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company values its General Meetings as an important avenue for dialogue with shareholders. It is committed to dispatching the AGM Notice to shareholders at least twenty-eight (28) days before the AGM, in advance of the minimum mandated twenty-one (21) days as stated in the CA 2016 and the Listing Requirements.</p> <p>The Company disseminated its notice of the 4th AGM held on 28 September 2022 with explanatory notes to its shareholders on 30 August 2022, serving at least twenty-eight (28) days of notice.</p> <p>In addition, the AGM Notice was published in one (1) nationally circulated English daily newspaper and made available on the Company's website to encourage shareholders' attendance and participation.</p> <p>The additional time allowed the shareholders to make necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. It also empowered the shareholders with sufficient preparation time to consider the resolutions and to make informed voting decisions at the AGM.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 13.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>All Directors, including all the Board Committee Chairpersons, and the Company's External Auditors, attended the 4th AGM held on 28 September 2022. Similarly, all Directors and the respective Principal Advisors, Legal Due Diligence Solicitors and other consultants also attended the Extraordinary General Meeting ("EGM") held on 11 May 2022.</p> <p>All proposed resolutions were explained before putting for poll voting. The Board Chairperson had invited all shareholders to raise questions so that shareholders could make an informed judgement and vote accordingly.</p> <p>An independent scrutineer was appointed to monitor the poll voting process and validate the votes cast at the general meetings. The outcome of the general meetings was announced to Bursa Malaysia on the same meeting day and published on the Company's website.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

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| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | The EGM held on 11 May 2022 was conducted on a fully virtual basis. However, the 4 th AGM held on 28 September 2022 was conducted physically at i-Park@Senai Airport City Sales Gallery, No. 2, Jalan I-Park SAC 1/1, Taman Perindustrian I-Park SAC, 81400 Senai, Johor Darul Takzim. This was after due regard made to the shareholders' structure, accessibility of the meeting location and the aim of enhancing the shareholders' engagement through meeting with shareholders in person. | |
| | : | To further promote active shareholders' engagement, shareholders who could not attend the 4 th AGM had been allowed to appoint their respective proxies to participate, speak and vote on their behalf at the AGM. | |
| | : | The Board is mindful of the recommendation from the MCCG. The forthcoming 5th AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting using RPEV facilities. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | Not applicable | |
| Timeframe | : | 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 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

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| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : <p>During all two (2) general meetings held in FY2023, the Board Chairperson encouraged all shareholders to pose questions before putting resolutions for poll voting. Shareholders were given sufficient time and opportunity to pose questions during the general meetings. Questions submitted prior to the general meetings (if any) and those posed during the meetings were addressed by the respective Directors, Management, advisors and/or consultants.</p> <p>At the 4th AGM, the Board Chairperson informed shareholders that the Company had received a letter from the Minority Shareholders Watch Group (MSWG) on questions relating to the operational and financial matters of the Group and corporate governance matters. The Board Chairperson read out all questions and the respective Executive Directors and the Board Committees' Chairpersons responded accordingly.</p> <p>The Group Financial Controller (promoted as Chief Financial Officer in January 2023) also took the opportunity to engage with shareholders at the 4th AGM by giving a presentation on the operational highlights and financial performance of the Group, covering the following:</p> <ul style="list-style-type: none">a) Business overview;b) Operational highlights and recent development;c) ESG highlights;d) Growth strategies; ande) Financial highlights. |
| Explanation for departure | : |

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

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| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

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| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : <p>The EGM held on 11 May 2022 was 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, provided by the appointed poll administrator, Boardroom Share Registrars Sdn Bhd (“Boadroom”).</p> <p>The online meeting platform was organised from https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC-D6A357657) and is recognised as a meeting venue or place for purpose of Section 327(2) of the CA 2016 as clarified in the Frequently Asked Questions (FAQs) on Virtual General Meetings issued by Companies Commission of Malaysia on 8 June 2021.</p> <p>The RPEV facilities allow shareholders to submit their votes on the resolutions at any time from the start of the general meetings and before the end of the voting session. The poll administrator also briefed the shareholders through its video presentation on the e-voting procedures to facilitate the e-voting process. The poll results were verified by the independent scrutineers and announced by the Board Chairperson.</p> <p>During the EGM, the Board Chairperson encouraged all shareholders to pose questions before putting resolutions for poll voting. Shareholders could pose questions by typing in the text box provided via the meeting platform. Similar questions were then grouped and read to all meeting participants, followed by the response from Directors, Management, advisors and/or consultants.</p> |
| Explanation for departure | : |

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

Intended Outcome

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

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| <i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : The minutes of the EGM held on 11 May 2022 and the 4 th AGM (including proceedings of the meeting, questions raised by the shareholders and MSWG, and responses from the Directors, Management, advisors and/or consultants) were made available on the Company's website at www.ame-elite.com within 30 business days from the date of the general meetings. |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

**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.

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| Not applicable |
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