

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5152
COMPANY NAME : MUAR BAN LEE GROUP BERHAD
FINANCIAL YEAR : 31 DECEMBER 2017

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 PERSUANT 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.

Application	: Applied
Explanation on application of the practice	: The Board recognizes the key role it plays in charting the strategic direction of the Group and the major responsibilities of the Board are outlined in the Board Charter of the Company. During the FYE 2017, the Board has discharged its key fiduciary duties and leadership functions and responsibilities, as follows: (a) Reviewing, evaluating, adopting and approved strategic plans and policies for the Group, addressing the sustainability of the Group's business; (b) Overseeing and monitoring the conduct of the Group's business and financial performance and major capital commitments of the Company and the Group; (c) Evaluating whether or not its businesses of the Group are being properly managed; (d) Review financial results of the Company and the Group, monitor compliance with applicable accounting standards and integrity and adequacy of financial information disclosure; (e) Identify principal business risks faced by the Group and ensuring the implementation of appropriate risk management system and internal control to manage these risks and mitigating measures to address such risk; (f) Review, evaluate and approve any major corporate proposals, new business ventures or joint venture, material acquisition and disposal of undertakings and assets of the Group; (g) Develop a corporate code of ethics and conduct to address, amongst others, any conflicts of interest relating

	<p>directors, major shareholders and/or management;</p> <p>(h) Establishing and overseeing succession programme for the Company and the Group ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;</p> <p>(i) Establishing, overseeing and implementing corporate communication policies with shareholders and investors, other key stakeholders and public;</p> <p>(j) Reviewing the adequacy and integrity of the Group's internal control and management information systems; and</p> <p>(k) Key matters reserved for the Board's approval include the overall strategic direction of the Group, annual operating and capital expenditure budget, dividend policy, expansion of core business, structure and capital e.g. issuance of new securities and ensuring that there is a sound system of internal control and risk management in place.</p> <p>To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.</p> <p>Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, management is responsible for instituting compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group's corporate objectives. This demarcation of roles both complements and reinforces the supervisory role of the Board.</p> <p>The role and function of the Board, which includes the differing roles of Executive Directors and Non-Executive Directors as well as the schedule of matters reserved for the Board, are clearly delineated in a Board Charter and Code of Ethics & Conduct. The Board Charter and Code of Ethic & Conduct are subject to review by the Board periodically to ensure that its remains consistent with the Board's objective and responsibilities. The Board Charter and Code of Ethics & Conduct are also available on the Group's website at www.mbl.com.</p>
<p>Explanation for departure</p>	<p>:</p>

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

Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	The Board of Directors is chaired by Dato' Chua Ah Ba @ Chua Eng Ka, Executive Chairman, whose is responsible for the overall strategic direction of the Group and the leadership of the Board is to ensure Board effectiveness, corporate affairs, and implementation of Board policies and decision of the Group. The Executive Chairman is an executive member of the Board and is not an independent director by virtue of his substantial interest in the Company. The Board also establish those responsibilities and functions delegated to Executive Chairman as clearly stated in the Board Charter which is available on the Group's website at www.mbl.com .
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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is led by a dynamic and experienced Board, with high personal integrity, business acumen and management skills, which is primarily entrusted with the responsibility of charting the direction of the Group.</p> <p>Chairman of the Company is Dato' Chua Ah Ba @ Chua Eng Ka and Managing Director is Mr Chua Heok Wee. At present and in financial year 2017, no CEO is appointed by the Company who is not a member of the Board of Directors.</p> <p>There is a clear division of responsibility between the Executive Chairman and the Managing Director to ensure balance of power and authority, such that no one individual has unfettered powers of decision making as per stated in Board Charter which is available on the Group's website at www.mbl.com.</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

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary is responsible for ensuring that the Board procedures are followed, that the application rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board and otherwise required for its efficient operation. The Company Secretary will also advise the Board on any new statutory requirements, guidelines and listing rulings relating to corporate governance as and when it arises.</p> <p>Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The Company Secretary constantly keeps himself abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through continuous training and professional development programmes. The removal of the Company Secretary is a matter for the Board, as a whole to decide.</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

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Board and Board Committee papers are disseminated or distributed to all Directors at least five (5) days prior to the Board and Board Committee meetings, for directors perusal to facilitate decision making by the Board and to deal with matters arising from such meetings.</p> <p>All Directors participate fully in the discussions during the Board meetings. All Directors are free to express their views and opinions during the Board meetings. In arriving at Board decisions, the will of the majority prevails at all times.</p> <p>The Board's decisions are recorded accurately in the meeting minutes and the draft minutes of meetings are made available to all Board members before the confirmation of minutes at the next meeting.</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 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for creating the framework and policies within which the Group should be operating, management is responsible for instituting compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group's corporate objectives. This demarcation of roles both complements and reinforces the supervisory role of the Board.</p> <p>The role and function of the Board, which includes the differing roles of Executive Directors and Non-Executive Directors as well as the schedule of matters reserved for the Board, are clearly delineated in a Board Charter and Code of Ethics & Conduct. The Board Charter and Code of Ethic & Conduct are subject to review by the Board periodically to ensure that its remains consistent with the Board's objective and responsibilities. The Board Charter and Code of Ethics & Conduct are also available on the Group's website at www.mbl.com.</p> <p>To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The terms of reference for the Audit Committee, Nomination Committee and Remuneration Committee are available on the Group's website at www.mbl.com. The ultimate responsibility for decision making, however, lies with the Board.</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

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.

Application	:	Applied
Explanation on application of the practice	:	The Board observes high standard of ethical conducts based on the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. The Code of Ethics & Conduct is available on the Group's website at www.mbl.com .
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

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Whistle-Blowing Policy serves as the internal complaint or communication channel for the employees or other stakeholders to raise concern in good faith about illegal or unethical activity that they are aware of without fear of reprisal.</p> <p>The Whistle-Blowing Policy is available on the Group's website at www.mbl.com.</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 4.1

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

Application	:	Not Applied
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board continues to give close consideration to its size, composition and spread of experience and expertise that enables the Board to provide effective leadership as well as independent judgement on business decisions, taking into account long term interests of shareholders, customers, suppliers and other business associates with whom the Group conducts its business. The Board believes that the current size and composition is appropriate for its purpose, and is satisfied that the current Board composition fairly reflects the interests of minority shareholders within the Group.</p> <p>Currently, the Board consists of eight (8) members, three (3) of which are Independent Non Executive, representing approximately 38% of the Board. The Board composition is balanced and complies with Paragraph 15.02 of the MMLR, which states that at least two (2) or one-third (1/3) of the Board, whichever is higher, are Independent Non-Executive Directors who are independent of management, thereby ensuring independence in the Board deliberations and decision-making.</p> <p>The roles of Independent Non-Executive Directors are vital for the successful direction of the Group as they provide independent professional views, advice and decisions to take into account the interest of the Group, shareholders, employees, customers, suppliers and many others of which the Group conducts business and their presence brings an additional element of balance on the Board. They bring an outside perspective and assist to develop proposals on strategy, assess the performance of the management in achieving goals and objectives and monitor the risk profile of the Group's business.</p> <p>The existing three (3) Independent Non-Executive Directors are able to express their opinions without any constraint. This strengthens the Board who benefits from the independent views expressed before any decisions are taken.</p> <p>All the Non-Executive Directors satisfy the criteria of an Independent Director as defined under the MMLR, which include being independent of management, free from any business or</p>

	<p>other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company, and also being independent of its major shareholders. Additionally, each of the Independent Non-Executive Directors has provided an annual confirmation of their independence to the NC and the Board.</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>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable	
Explanation on application of the practice	:	None of the Independent Non-Executive Directors has reached nine (9) years of service since their appointment.	
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 4.3 - Step Up

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

Application	:	Applied
Explanation on adoption of the practice	:	The Company has monitored the cumulative years of service term for every Independent Directors and who had served on the Board reaching the nine (9)-year limit subject to the re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify their decision and seek shareholders' approval at Annual General Meeting ("AGM") annually and two (2) tier voting process to be executed if the Board continued to retain the Independent Director after the twelve (12th) year.

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The Board acknowledges that the general call and support for gender diversity in a board's composition, the Board believes that appointment of board members, regardless of gender, should be based on experience, character, integrity and competence as these are the essential criteria for an effective Board.	
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 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As explained in Practice 4.4 above, for the selection of Board members, the Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion, throughout the organisation.	
		As board diversity is concerned, the Board does not intend to develop any specific policy on targets for women Director. The Board believes that the on-boarding process of Directors should not be based on any gender discrimination. As such, the evaluation of suitable candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company.	
<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 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>There was no new appointment of Board members during the financial year ended 31 December 2017.</p> <p>The Nomination Committee is responsible for recommending suitable candidates for Directorship to the Board.</p> <p>In searching for suitable candidate, the Nomination Committee may receive suggestions from existing Board Members, management, and major shareholders. The Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent recruitment 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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by Khairiluanar Bin Tun Abdul Rahman, the Senior Independent Non-Executive Director of the Company.	
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 form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	During the FYE 2017, the Nomination Committee had carried out an assessment on the performance of the Board, Board Committees and individual Directors, based on a self-assessment approach in regard to mix of skills, knowledge, competency, proceeding of meetings, experiences, timely reporting and so forth. The assessment was internally facilitated, whereby results of the assessments had been compiled and documented by Company Secretary and then deliberated by the Nomination Committee before made its recommendations to the Board accordingly, as part of the Company's ongoing corporate governance practices.
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

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") was established by the Board on 25 November 2009 to assist the Board in the adoption of fair remuneration practices to attract, retain and motivate Executive Directors. The terms of reference of the RC can be also viewed at the Company's website at www.mbl.com.</p> <p>The RC met twice during the FYE 2017 and full attendances of the members were recorded at the said meeting. The key activities carried out by the RC during the FYE 2017 in discharging its function is to establish and recommend to the Board, the remuneration package for Executive Directors after their review on the remuneration policies with a view to ensure that suitable compensation and other benefits to encourage performance and enhance the Group's long term profitability and value. The determination of the remuneration for the Non-Executive Directors will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual remuneration package.</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

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") to assist the Board in the adoption of fair remuneration practices to attract, retain and motivate Executive Directors. The terms of reference of the RC can be also viewed at the Company's website at www.mbl.com.</p> <p>The RC members comprise wholly of Independent Non-Executive Directors. The composition of the RC is stated in the Corporate Information of the Annual Report. The key activities carried out by the RC during the FYE 2017 are reported in respective section in the Corporate Governance Overview Statement of the Annual Report 2017.</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

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

Practice 7.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Directors' remuneration in aggregate, with categorization into appropriate components, distinguishing between Executive and Non-Executive Directors during the FYE 2017 were not disclosed on a named basis in the Annual Report 2017.	
		The Board opted not to disclose each Director's remuneration individually as it is of the opinion that detailed disclosure of individual Director's remuneration will not add significantly to the understanding and evaluation of the Group's governance practices. The detail breakdown of remuneration in aggregate, with categorization into appropriate components and type received by Executive Directors and Non-Executive Directors for the Company and for the Group in different range is sufficient for stakeholders to make relevant analysis and assessment on whether their remuneration commensurate with their performance.	
<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 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The names of the Top Five Key Senior Management are withheld and the detailed remuneration of each of the individuals are not presented because the Board of Directors is of the opinion that such information will not add significant value and understanding towards the evaluation of the Company's standard of Corporate Governance.</p> <p>The Board is of the opinion that the disclosure on named basis of the senior management's remuneration component in bands of RM50,000 may jeopardize the personal security of the individual senior management staffs due to confidentiality and sensitivity concern. Further, such disclosure will expose senior management to the risk of poaching by other organisation.</p> <p>The Board will ensures that the remuneration of the senior management is commensurate with the performance of the Company and to have effective remuneration package for talent attraction and retention</p>
<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 7.3 - 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	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Board and the Chairman of the Audit Committee are different Directors.	
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 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	None of the members of the Audit Committee ("AC") were former key audit partner within the cooling-off of 2 years. There is no such person being appointed as member of the AC.	
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 8.3

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

Application	:	Applied	
Explanation on application of the practice	:	During the FYE 2017, the AC had discharged one of their function in relation to evaluate the performance of the External Auditors, including an assessment on their independence, the integrity of their management and the adequacy of disclosures to shareholders, and made recommendation to the Board for their reappointment.	
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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	At present and during the FYE 2017, the composition of Audit Committee ("AC") is all Independent and Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board does not have a policy requiring each Director (including Independent and Non Executive Directors) to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, the Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates, in order to fulfil their duties as Directors.</p> <p>The details of the relevant training sessions attended by each Director (including Independent and Non Executive Directors who are also members of Audit Committee) during the FYE 2017 were duly reported in the Corporate Governance Overview Statement of the Annual Report 2017.</p>
<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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	This role is taken up by the Audit Committee. Details of the Company’s Risk Management and Internal Control Frameworks can be found under the Statement of Risk Management and Internal Controls, at page 32 to 34 of the Company’s Annual Report 2017.	
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 9.2

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 features of the Company’s Risk Management and Internal Control Frameworks and its adequacy and effectiveness can be found in the Statement of Risk Management and Internal Controls, at page 32 to 34 of the Company’s Annual Report 2017.	
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 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The task to oversee the Group's risk management framework and policies is delegated to Audit Committee ("AC") which had been included in their Terms of Reference which is available on website of the Group at www.mbl.com</p> <p>At present and during the FYE 2017, the composition of Audit Committee ("AC") are all Independent and Non-Executive Directors and activities carried out by AC during the FYE 2017 were covered their review on the Group's key operational and business risks area and the policies in place to address and minimize such risks.</p>

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional consulting firm to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group’s systems of internal control. The Internal Auditor independently reviews the adequacy and integrity of the internal controls put in place and the risk management processes and reports directly to the Audit Committee (“AC).</p> <p>The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Schedule internal audit are carried out by the Internal Auditor based on the audit plan presented to and approved by the AC.</p> <p>The AC has full and direct access to the Internal Auditor and the AC receives reports on all internal audits performed. The Internal Auditor continues to independently and objectively monitor compliance with regard to the effectiveness of the internal control systems. Significant findings and recommendations for improvement are highlighted to management and the AC, with periodic follow-up of the implementation of action plans. The management is responsible for ensuring that corrective actions were implemented accordingly.</p> <p>Based on the internal auditor’s reports issued during the FYE 2017 there was a reasonable assurance that the Group’s systems of internal control were generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified in the reports, all of which have been, or are being, address. None of the weaknesses had resulted in any material losses, contingencies or uncertainties that would require disclosure in Company’s Annual Report 2017.</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 have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's internal audit function is carried out by an outsourced internal audit firm namely Teo Management Consultancy, headed by its Director, Mr. Teo Teck Wei, who graduated with a Bachelor of Accounting from the University of Technology, Sydney. He is also a member MIA and CPA Australia. He has vast experience and exposure in the Internal Audit field.</p> <p>The outsourced internal audit service provider makes a written declaration that they do not have any relationships or conflict of interest with the company, which could impair their objectivity and independence.</p> <p>The internal audit activities were reported directly to the Audit Committee based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all level of operations within the 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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognizes the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the annual and extraordinary general meetings and through the Group's website at www.mbl.com where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information and company announcements of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. mbl@mbl.com to which stakeholders can direct their queries or concerns.</p> <p>The Company value dialogues with its shareholders, potential investors, institutional investors and analysts and is willing to explain and clarify any information already disclosed in its Annual Report or Bursa Announcement. The Senior Independent Non-Executive Director, Khairiluanar Bin Tun Abdul Rahman may be contacted by shareholders and stakeholders on any queries. The Group has made available a dedicated electronic email, mbl@mbl.com to which stakeholders can direct such concerns to be reviewed and addressed by the Board accordingly.</p> <p>However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.</p> <p>Annual General Meeting ("AGM") is an important and effective platform for Directors and Senior Management to communicate with the shareholders. Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at general meeting.</p> <p>The Company despatches its notices of AGM to shareholders at least 28 days before the day of AGM. The adequate time given</p>

	to shareholders would allow them to make necessary arrangement to attend and participate either in person, by corporate representative, by proxy or by attorney.	
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 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Muar Ban Lee Group Berhad is not "Large Company" as defined under Malaysian Code on Corporate Governance 2017 as it is not company on the FTSE Bursa Malaysia Top 100 Index and its market capitalisation is less than RM2 billion as at the start of the Company's financial year.</p> <p>It has not adopted integrated reporting. The current reporting complies with the requirements of the Companies Act 2016, the applicable accounting standards and the Main Market Listing Requirements.</p>
<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 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	MBL despatches its notices of AGM to shareholders at least 28 days before the day of AGM. The adequate time given to shareholders would allow them to make necessary arrangement to attend and participate either in person, by corporate representative, by proxy or by attorney.	
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 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company's AGM in 2017 was attended by all the Directors except one of the director absent due to his sickness.	
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 12.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Company holds its meetings in places easily accessible by its shareholders. There is no necessity for remote shareholder participation.	
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
PERSUANT 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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