



MUAR BAN LEE GROUP BERHAD

[Company No. 200601033829 (753588-P)]
(Incorporated in Malaysia)

BOARD CHARTER

1. OVERVIEW

The Board of Directors (“the Board”) of Muar Ban Lee Group Berhad (“MBL” or “the Company”) acknowledges the importance of achieving good corporate governance (“CG”) and ensures that the highest standards of CG are practiced throughout the Company and its subsidiaries (“the Group” or “MBL Group”) as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the financial performance of the Group.

This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board Members acting on behalf of the Company are aware of their duties and responsibilities as Board Members.

2. PURPOSE OF CHARTER

The Board Charter sets out the authority, responsibilities, membership and operation of the Board of MBL, adopting principles of good corporate governance and practice, in accordance with applicable laws in Malaysia.

3. AUTHORITY

The Board derives its authority to act from the Memorandum and Articles of Association of the Company and the law and regulations governing companies in Malaysia.

4. RESPONSIBILITIES AND ROLES OF THE BOARD

The Board has overall responsibility for strategic planning and direction, setting the corporate goals, organizing resources, monitoring the achievement of goals and identifying critical business risks. The Board assumes full responsibility for the overall performance of the Group by providing leadership and direction as well as management supervision. It also lays down the appropriate policies for managing the related risks to ensure that good internal control is in place for operational efficiency and effectiveness of the Group.

The Board recognizes the key role it plays in charting the strategic direction of the Group and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- 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.



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- 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 directors, major shareholders and/or management.
- 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.
- i) Establishing, overseeing and implementing corporate communication policies with shareholders and investors, other key stakeholders and public.
- j) Reviewing the adequacy and integrity of the Group's internal control and management information systems.
- 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.

5. COMPOSITION AND BALANCE OF THE BOARD

- a) Size and Composition
 - i) The Group is led by an effective and experienced board comprising members who have varied experience in general business and financial aspects, as well as with a broad range of skills, diversity, expertise and experience from range of backgrounds.
 - ii) The presence of the Independent Non-Executive Directors on the Board and in meetings ensures that decisions made by the Board remains objective and independent, and that the interests of minority shareholders are addressed and are accorded with due consideration.
 - iii) The Company must ensure that at least 2 directors or 1/3 of the Board, whichever is the higher, are independent directors.
 - iv) The Chairman is appointed from amongst the Directors as approved by the Board. The majority shareholder may nominate the Chair.



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- v) The composition and size of the Board are reviewed from time to time to ensure its appropriateness.
- b) Nomination and Appointments
 - i) The members of the Board are appointed in a formal and transparent practice as endorsed by the Code. The Nomination Committee (“NC”) will make recommendations to the Board who will then go through the list of candidates identified and arrive at a decision on the appointment of the Director. The Company Secretary will then ensure that all appointments are properly made and that all legal and regulatory obligations are met.
 - ii) Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company’s business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfil their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five public listed companies (as prescribed in Paragraph 15.06 of Main Market Listing Requirements (“MMLRs”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).
 - iii) All Board members shall notify the Chairman of the Board before accepting any new Directorship in other companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new Directorship or significant commitments outside the Company.
- c) Re-election
 - i) In accordance with Clause 21.5 of the Company’s Constitution, an election of Directors shall take place each year at the annual general meeting of the Company where one third (1/3) of the Directors for the time being 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. A retiring Director shall retain office until the close of the meeting at which he retires.
- d) Independence
 - i) The presence of Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.
 - ii) The Independent Non-Executive Directors provide independent views,



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advice and judgment an take into account the interest of the Group and the various parties involved which include shareholders, employees, customers, suppliers and other communities in which the Group conducts its business, and their presence bring an additional element of balance on the Board.

- iii) A director is considered to be independent for the purposes of service on the Board and Board committees if the director satisfies the standards adopted by the Board from time to time to assist it in its regular 'independence' determinations. The Board only considers directors to be independent where they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to interfere with – the exercise of their unfettered and independent judgement.
 - iv) The Independent Non-Executive Directors are not employees and do not take in the daily management and day-to-day operation of the Group.
 - v) The Policy on Assessing Independence of Directors ("Policy") approved by the Board as sets out policies and procedures to ensure the effectiveness of the Independent Non-Executive Directors on the Board, including new appointments. The Board, through the NC, assesses the independence of Non-Executive Directors annually using the Policy, which is in line with Recommendation 3.1 of the MCCG 2012, as one of the factors in determining their eligibility to stand for re-election/ re-appointment.
 - vi) The Board will appoint a Senior Independent Director who will also attend to any query or concern raised by shareholders.
- e) Tenure of Independent Director
- i) The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non Independent Director.
 - ii) 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 the decision and seek shareholders' approval at a General Meeting, normally the AGM of the Company.
 - iii) The key justifications as Independent Non-Executive Director are as follows:
 - iii-a) He fulfils the criteria under the definition of Independent Director as stated in the MMLRs and, therefore, is able to bring independent and objective judgment to the Board as a whole;



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- iii-b) His experience in the relevant industries has enabled him to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills and competence; and
- iii-c) He has been with the Company long and therefore understands the Company's business operation which enables him to contribute actively and effectively during deliberations or discussions at Board and Committee meetings.
- iv) Every Independent Non-Executive Directors has to provide an annual confirmation of their independence to the NC and the Board.
- f) Evaluation of the Directors and the Board as a whole
 - i) The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The NC is given the task to review and evaluate the individual Director's performance and the effectiveness of the Board and the Board's Committees on an annual basis. In assessing suitability of candidates, considerations will be given to the competencies, commitment, contribution and performance.
 - ii) The NC is required to report annually to the Board an assessment of the Board's and its committees' performance. This will be discussed with the full Board. Every year, the NC will evaluate each individual Director's contributions to the effectiveness of the Board and the relevant Board committees.
 - iii) Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.
 - iv) Each Board member is expected to achieve at least fifty percent (50%) attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Executive Chairman and/or Company Secretary, where applicable.

6. RESPONSIBILITIES OF THE EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

- a) 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.
- b) 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.
- c) The Executive Chairman 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 decisions of the Group.



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- d) The responsibilities of the Executive Chairman also inclusive the following:-
 - i) To provide leadership to the Board.
 - ii) To oversee the effective discharge of the Board's supervisory role.
 - iii) To facilitate the effective contribution of all Directors
 - iv) To conduct and chair Board Meetings and General Meetings of the Company.
 - v) To manage Board communications and Board effectiveness and effective supervision over Management.
 - vi) To ensure that quality information to facilitate decision-making is delivered to the Board on timely manner.
 - vii) To ensure Board Meetings and General Meetings are in compliance with good conduct and best practices.
 - viii) To promote constructive and respectful relations between Board members and between the Board and the Management.
 - ix) Together with the MD, represents the Company and / or Group to external groups such as shareholders, creditors, consumer groups, local communities and federal, state and local governments.
- e) The Managing Director is responsible for the overall performance of the Group operations, organization effectiveness and financial performance including the Group's day-to-day activities in achieving corporate and business objective.
- f) From the support of fellow Executive Directors and an Executive Management team, the Managing Director is implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.
- g) The responsibilities of the Managing Director also inclusive the following:-
 - i) To develop and recommend to the Board strategic business direction, plans and policies of the Group that leads to the creation of shareholder value.
 - ii) To develop and recommend to the Board the operational plan and annual budget those support the Company or the Group's long term strategy.
 - iii) To ensure the efficient and effective operation of the Group.
 - iv) To manage the overall business and oversees the day-to-day management of the Group with all powers, discretions and delegations



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authorised, from time to time, by the Board.

- v) To ensure continuous improvement in the quality and value of the products and services provided by the Group.
 - vi) To ensure that the Company or the Group achieves and maintains a satisfactory competitive positions within its industry.
 - vii) To formulate and oversee the implementation of major corporate policies.
 - viii) To report to the Board periodically on the financial positions of the Group which include forecast results as required from time to time.
 - ix) To reports to the Board on key performance indicators in relation to the financial results, market conditions and other developments.
 - x) To responsible for the financial management of the Company and / or Group and overseeing the handling of financial matters which include keeping proper accounts for prudent and economical administration, avoidance of waste and extravagance for efficient and effective use of all the resources.
 - xi) To bring material matters to the attention of the Board in an accurate and timely manner.
 - xii) To serve as the chief spokesperson for the Group.
- h) The Independent Non-Executive Directors are not employees and do not take in the daily management and the day-to-day operations of the Group. However, 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. They provide independent views, advice and judgment and take into account the interests of the Group and the various parties involved which include shareholders, employees, customers, suppliers and other communities in which the Group conducts its business, and their presence brings an additional element of balance on the Board.
- i) 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.

7 BOARD PROCESSES

- a) Board Meetings
 - i) The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to



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facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committees papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committees members at least five (5) days before the meeting to allow the Directors sufficient time to study for effective discussion and decision making at the meetings.

- ii) At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.
 - iii) Where necessary, senior management and/or external professionals may be invited to attend these meetings to clarify and/or explain matters being tabled.
 - iv) Minutes of Board meetings together with decisions made by way of resolution passed are duly recorded and properly kept by the Company Secretary.
- b) Directors' Training
- i) Any Director so appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP").
 - ii) The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. In addition, individual directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry which the Group operates.
 - iii) The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme.
 - iv) The Board shall disclose in the Annual Report the trainings attended by the Directors.
- c) Directors' Remuneration
- i) The Board through Remuneration Committee ("RC") establishes formal and transparent remuneration policies and procedures to attract and retain Directors.
 - ii) The Directors' remuneration is structured so as to link rewards to their corporate and individual performance.



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- iii) The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.
 - iv) The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the RC for the Managing Director and Executive Board Members.
 - v) Non-executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.
- d) Access to Information and Independent Advice
- i) The Board recognizes that the decision making process is highly dependent on the quality of information furnished. As such, Board members have full and unrestricted access to all information pertaining to the Group's business and affairs. Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.
 - ii) Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days prior to the Board and Board Committee meetings, to facilitate decision making by the Board and to deal with matters arising from such meetings. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda.
 - iii) The Directors have unrestricted access to information from the management, the Company Secretary, the outsourced Internal Auditors as well as the External Auditors of the Group in furtherance of their duties.
 - iv) Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Charter in furtherance of their duties.

8 DELEGATION TO COMMITTEES

The Board may from time to time establish committees as it considers necessary or appropriate to assist it in carrying out its responsibilities. The Board shall, as a minimum, establish the following committees and shall adopt charters setting out



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matters relevant to the authority, responsibilities, membership and operation of those committees:

- Audit Committee (“AC”)
- Nomination Committee (“NC”)
- Remuneration Committee (“RC”)

Board may form such other committees from time to time as dictated by business imperative and/or to promote operational efficiency. The ultimate responsibility for decision making, however, lies with the Board. The powers delegated to these committees are set out in the Terms of Reference of each of the Committees as approved by the Board.

9 COMPANY SECRETARY

- a) The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- b) The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- c) The removal of the Company Secretary is a matter for the Board, as a whole to decide.

10 INTERNAL CONTROL AND RISK MANAGEMENT

- a) The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- b) Risk management is an integral part of the Group’s business operations and it is subject to periodic reviews by the Board. The Board had formalized an Enterprise Risk Management framework to provide Management with structured policies and procedures to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks vis-à-vis the risk parameters of the Group.
- c) Risk management and internal controls are regard as an integral part of the overall management on-going processes. The following represent the key elements of the Group’s risk management and internal control structure:
 - i) An organizational structure in the Group with formally defined lines of responsibility and delegation of authority;
 - ii) Review and approval of annual business plan and budget of all major business units by the Board. This plan sets out the key business objectives, the major risks and opportunities in the operations and ensuing action plans;
 - iii) Quarterly review of the Group’s business performance by the Board,



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which also covers the assessment of the impact of changes in business and competitive environment; and

- iv) Active participation and involvement by the Executive Chairman and Managing Director in the day-to-day running of the major businesses and regular discussions with the senior management of smaller business units on operational issues.
- d) The responsibilities of identifying and managing risks are delegated to the respective head of each department and management. The Board and the AC are responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level.
- e) The AC will assist the Board in overseeing the internal control systems and the risk management framework of the Group and reviewing the risk management policies formulated by Management and to make relevant recommendations to the Board for approval.
- e) The Company must establish an Internal Audit Function which is independent of the activities it audits and must ensure its Internal Audit Function reports directly to the AC. Alternatively, the Company may outsource the Internal Audit Function to external independent professional accounting firm to perform the task in order to assist the AC in discharging its duties and responsibilities. The main role of the internal audit is to review the effectiveness of the Group's system of internal control and this is performed with impartially, proficiency and due professional care. The activities of the Internal Audit Function are reported regularly to the AC which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls.

11 CORPORATE DISCLOSURE POLICIES

- a) The Board is responsible to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Group the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders.
- b) The Company and the Group have put in place an internal policy on confidentiality to ensure that confidential information is handled properly by the Directors, employees and relevant parties to avoid leakage and improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately.
- c) The Company's corporate website at www.mbl.com provides all relevant information on the Company and the Group included announcements to the Bursa Malaysia, matter related to corporation governance and financial information on quarterly results and Annual Reports.



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12 INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

- a) 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, company announcements and share prices 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.
- b) The Company takes into consideration the shareholder's rights to access information relating to the Company and has thusly, taken measures to enable the Company to communicate effectively with its shareholders, prospective investors, stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations.
- c) The Board will ensure that the General Meetings of the Company are conducted in an efficient manner and serve as a mode in shareholders communications. These include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the General Meetings.
- d) The AGM, which is the principal forum for shareholders dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and raise pose questions to the Board for clarification as well as for the Chairman of the AGM to provide an overview of the Company's progress and receive questions from shareholders. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general.
- e) The Notice of AGM is circulated to shareholders at least twenty-one (21) days before the date of the meeting to enable them to go through the Annual Report and papers supporting the resolutions proposed. Where special business items appear in the Notice of AGM, a full explanation is provided to shareholders on the effect of the proposed resolution emanating from the special business item.

13 REVIEW OF THE TERMS OF REFERENCE

The Board will review this Terms of Reference from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices. The written Terms of Reference is made available for reference on the Company's website.
