

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5006
COMPANY NAME : Merge Energy Bhd.
FINANCIAL YEAR : March 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is dedicated towards fostering a healthy corporate governance culture within the Company and its subsidiaries (collectively referred to as the "Group"). The Board acknowledges that upholding good corporate governance is paramount to its value creation process. During the financial year 2018, the Board deliberated on the short, medium and long term strategy for the Group together with its proposed business plans for the year 2019. The Board, together with Management, reviewed the Group's strategy and the Board had satisfied itself that all appropriate considerations have been taken into account in the formulation of the Group's strategy.</p> <p>The Board assumes, amongst others, the following duties and responsibilities :</p> <ol style="list-style-type: none">1) reviewing, challenge, decide and adopting the overall corporate strategies, plans, proposals and directions for the Company;2) overseeing and evaluating the conduct and performance of business of the Company and includes strategies on economic, environmental and social considerations underpinning sustainability;3) identifying and understanding of principal risks and ensuring implementation of a proper risk management system, risk appetite and a sound framework of risk management and internal controls;4) monitoring and reviewing the adequacy and integrity of management information and management processes aimed at ensuring the integrity of financial and non-financial information with the guidance of Audit Committee ("AC");

	<p>5) promoting effective communication with shareholders and relevant stakeholders;</p> <p>6) approving major capital expenditure, acquisitions, disposals and capital management;</p> <p>7) ensure management and the Company’s human resources have the necessary skills, experience and resources to carry out their duties;</p> <p>8) together with management, promote good corporate governance structure within the Company; and</p> <p>9) performing such other functions as are prescribed by law or are assigned to the Board.</p> <p>In carrying out its responsibilities and functions, the Board may delegate any of its powers to the Board Committees, a Director, employee or other persons subject to ultimate responsibility of the directors under the Companies Act 2016.</p> <p>The Board is also mindful of the importance of building a sustainable business and therefore, takes into consideration its environmental, social and government impact when developing the corporate strategy of the Group.</p> <p>To enable the Board in discharging its duties effectively whilst enhancing business and operational efficacy, the Board delegates certain responsibilities to the following Committees, namely :</p> <ul style="list-style-type: none"> • Audit Committee (AC) • Nomination Committee (NC) • Remuneration Committee (RC) • Risk Management Committee (RMC) • Executive Committee (EC) <p>The Board also has an effective working partnership with the Management in establishing the strategic direction. The Management is responsible for supporting and assisting the Executive Directors and Executive Committee (EXCO) in implementing and running the Group’s day to day business.</p> <p>Our stakeholders are informed of the Group’s performance through public releases of the relevant information that are available at Merge Energy Bhd (“MEB”) corporate website at www.merge-energy.com.my</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	:	<p>The Board is led by Dato' Hj Mohamad Haslah bin Mohamad Amin, an Executive Director. He is one of the major shareholders of the Company.</p> <p>As the Chairman of the Board, he is responsible for the performance and conduct of the Board. His duties amongst others include :</p> <ul style="list-style-type: none"> • leading the Board in oversight of management and become a conduit between Management and Board; • guiding the Board in ensuring all members are able to contribute and undertake their responsibility effectively; • managing the conduct of Board meetings whilst encouraging active participation and allowing dissenting views to be expressed by Board members; • leading the Board in its representation at shareholders meetings; • ensuring the integrity of the governance process and issues instilled within the Company; • leading the Board in establishing and monitoring good corporate practices in the Group; and • undertaking any other responsibility assigned by the Board from time to time. <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in Paragraph 7 of the Board Charter, which is available on MEB's website at www.merge-energy.com.my.</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

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>Dato' Hj Mohamad Haslah bin Mohamad Amin, one of the major shareholders of the Company, is the Executive Chairman of the Board who provides strong leadership and is responsible for ensuring the adequacy and effectiveness of the Board's governance process, whilst Dato' Tan Suan Ching who is also one of the major shareholders, is the Non-Independent Executive Director of the Company.</p> <p>MEB is in the midst of realigning of the organization in which we are looking for a suitable candidate to fill in the role of Chief Executive Officer (CEO) of MEB. We realize the importance in the separation of roles and responsibilities of the Chairman and the CEO as this will ensure that there is a balance of power and authority, such that there is no excessive concentration of power in the Chairman. The candidate must be able to bring an additional perspective to the Board through an in depth understanding of MEB's business. The Chief Executive Officer must be able to assist the Chairman in running the Group's operations and implementation of the Board's policies and decisions. The Board also has an effective working partnership with the Management in establishing the strategic direction. While MEB is looking for the right candidate for the role of CEO, the Executive Directors and Management are responsible for supporting and assisting the Chairman in implementing and running the Group's day to day business.</p> <p>The separation of powers between the CEO and the Chairman are clearly elucidated in the Board Charter. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The Chairman encourages active and effective engagement, participation and contribution from all Directors and facilitates constructive relations between Board and management.</p> <p>The CEO is responsible for executing the Company's strategies, policies and day-to-day management of the business with powers, discretions and delegations authorised from time to time by the Board. The detail of the responsibilities of the Chairman and CEO is clearly set out in the Board Charter, which is available on the Company's website at www.merge-energy.com.my.</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 Board is supported by a qualified Company Secretary, namely Puan Hani Syamira binti Abdul Hamid (LS0009872). She fulfills the qualification requirements of a company secretary as enshrined in Section 235(2) of Companies Act 2016.</p> <p>The Company Secretary performs a key advisory role to the Board and Board Committees in relation to the Company's Constitution, Board policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary also ensures all Board and Board Committees meetings are properly organised and convened in a timely manner.</p> <p>The Company Secretary also ensures that records of meeting deliberations, proceedings and resolutions passed are recorded, properly maintained and secured.</p> <p>The Directors have ready and 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 knowledgeable on new statutory and regulatory requirements, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. In this respect, the Company Secretary plays an advisory role to the Board, particularly with regard to the Company's Constitution, Board policies and procedures, and its compliance with regulatory requirements, corporate governance and legislations. The Company Secretary, who oversees adherence with board policies and procedures, briefed the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary also keep the Directors and principal officers informed of the closed period for trading in the Company's shares.</p> <p>The Company Secretary ensures that deliberations at Board and Board Committees meetings are well documented, and subsequently communicated to the relevant Management for appropriate actions.</p> <p>The Company Secretary constantly keep herself abreast of the evolving capital market environment, regulatory changes and developments in</p>

	<p>corporate governance by attending the relevant training programmes and conferences.</p> <p>Further details on the role of the Company Secretaries are set out in the Company's Board Charter.</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

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>The Board is conscious of the importance of meeting materials to be disseminated in a timely manner to allow Directors to decipher the information presented and prepare for the Board and Board Committees meetings.</p> <p>The Board, led by the Chairman, has put in place a policy stipulation which calls for all Directors to have full and timely access to information and the Board papers circulated at least five (5) days prior to each Board and Board Committee meetings. Comprehensive reports comprising a balance of financial and non-financial information, strategic, operational, regulatory, marketing and human resource issues are customarily enclosed as accompanying materials.</p> <p>The Company Secretary is responsible to manage the logistics, record keeping as well as facilitating all Board and Board Committees communication.</p> <p>Board and Board Committees meetings proceedings are well documented by the Company Secretary. The minutes reflects key deliberations and decisions, rationale for each decisions as well as any significant concerns, dissenting views or abstentions by Directors from voting and deliberating on specific matters. Meeting minutes are typically approved at the subsequent Board or Board Committees meetings.</p> <p>Board meetings for the ensuing financial year are scheduled in advance before the end of each financial year to enable the Directors to plan ahead and fit the year's Board meetings into their respective schedules.</p> <p>The Board also note the decisions and salient issues deliberated by Board Committees through minutes of these Committees. The Board receives and reviews recommendations made by the Board Committees and grants approval, when required.</p> <p>All Directors have access to the advice and services of the Company Secretary and Senior Management. In the furtherance of its duties, the Board is also authorised to obtain independent professional advice on</p>

	specific matters, if necessary, at the Company's expense to enable the Board to discharge its functions in the decision making process.	
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 Charter of the Company outlines amongst others, the following :</p> <p>a) Role of the Board, Chairman, the CEO, Directors, Independent Directors and Senior Independent Director;</p> <p>b) Board processes in relation to meeting agenda, frequency, documentation and access to information;</p> <p>c) The Board's relationship with shareholders and stakeholders.</p> <p>In establishing the Board Charter, the Board took into consideration the applicable rules, laws and regulations as well as internal policies.</p> <p>The Board Charter is periodically reviewed by the Board and updated based on the prevailing regulatory promulgations.</p> <p>A copy of the Board Charter is made available at the Group's website www.merge-energy.com.my.</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 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	:	<p>The Code of Conduct encompasses amongst others, the following :</p> <ul style="list-style-type: none">• aspects of the business operations such as human rights;• health and safety of the employees in relation to danger, harassment, intimidation, threats and violence;• handling of conflict of interests;• environmental issues;• business gifts and hospitality in relation to anti-corruption practices;• integrity and professionalism of all employees;• reporting of unlawful and unethical practices within the Group;• confidentiality of business information and proper safeguarding of company assets. <p>The Company has also adopted a Code of Ethics for Directors, which is based on the principles of sincerity, integrity, responsibility and corporate social responsibility. The Code of Conduct and Code of Ethics are available on the Company's website www.merge-energy.com.my.</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 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 Board has adopted the Whistle-Blowing Policy with the aim that the employee or stakeholder can report and disclose through established channels any improper or unethical activities relating to the Company and its group of companies. The Whistle-Blowing Policy is available on the Company's website.</p> <p>The Policy aims to :</p> <p>i) Encourage a whistle-blower to feel confident in raising genuine concerns and to question and act on those concerns.</p> <p>ii) Provide ways to raise those concerns and get feedback on action taken.</p> <p>iii) Reassure the whistle-blower that if they raise concerns in good faith, believing them to be true, they will be protected from possible reprisals or victimization.</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	:	Applied	
Explanation on application of the practice	:	<p>The Board is of the view that the current composition provides the right balance between Executive Directors and Non-Executive Directors with an appropriate mix of relevant skills, knowledge and industry experience required to lead and oversee the Group.</p> <p>Presently, the Company’s Independent Directors is 57%. A detailed breakdown of the composition is as below :</p> <ul style="list-style-type: none"> • 1 Non-Independent Executive Chairman • 1 Non-Independent Executive Director • 1 Non-Independent Non-Executive Director • 4 Independent Non-Executive 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

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 - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:	The Nomination Committee had conducted an evaluation on the Independence of all the Independent Non-Executive Directors and are satisfied based on the following justifications : They have fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Malaysia, and therefore are able to bring independent and objective judgment to the Board. During the financial year under review, all the Independent Directors did a self evaluation of their independence based on the criteria of independence of the Bursa Malaysia Listing Requirements and the Nomination Committee and the Board had reviewed and assessed the results of the said self-evaluation.	
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	:	Not Adopted
Explanation on adoption of the practice	:	

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	:	<p>The Board, supported by the Nomination Committee, conducts an annual review of its composition to ensure it is collectively able to discharge its duties in an informed and conscientious manner. The Board, in sourcing for suitable candidates, takes into consideration factors such as gender, age, ethnicity, nationality, skills and professional experience, integrity, competencies, and time commitment.</p> <p>The Nomination Committee is responsible for identifying and making recommendations for the Board's approval on well-qualified and capable candidates for directorships.</p> <p>The current composition of the Board includes a diverse mix of skill sets, Knowledge and experience (example accounting, legal, finance and economics, engineering and business management) and age (range between 44-66). The Board comprising members from wide range of professionalism, business and financial background, all of which provide the Group with a wealth of expertise, experiences and networks to draw upon.</p> <p>The Board's overriding objective in any new appointment is to select a suitable candidate with a view to achieving a high-performing Board. Appointments to the Board are based on merit, in the context of character, skills, experience and competency the Board as a whole requires to be effective.</p> <p>The Board supports the representation of women in the composition of the Board and currently 14% of the Board is woman Director.</p> <p>The appointment of Top Management personnel is also based on predetermined criteria that includes skill sets and leadership qualities driven by their respective job descriptions.</p>
Explanation for departure	:	

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

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	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that a diverse Board enhances the decision making capability as well as improves the deliberation processes by allowing for different perspectives on the same subject matter.</p> <p>Presently, the Board has one woman Director, namely Puan Czarina Alia binti Abdul Razak, who was appointed to the Board in January 2019, representing 14.29% of the total number of Board members.</p> <p>The Board has disclosed the Company's policies on gender diversity in the Annual Report.</p> <p>The Board recognises the challenges in achieving the right balance of diversity in the Company. This will be done over time, taking into account the present size, the valuable knowledge and experience of the present Board members and Top Management.</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 4.6

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board views the identification and appointment of new Directors as an essential process that must be carried out with foremost diligence and care. The current process of appointment to the Board is based on the recommendations of the Nomination Committee.</p> <p>Directors' network and referrals from incumbent Directors and business Associates are the primary means to source for Directors as they represent a tried and tested method of sourcing high-calibre Directors with a sound understanding of the business imperative.</p> <p>Nonetheless, the identification and appointment of new Directors undergo a process led by the Nomination Committee which reviews the required mix of skills, experience and other qualities of the Directors to ensure that the Board is functioning effectively and efficiently.</p> <p>The identification and appointment process is carried out based on methodical and robust process undertaken by the NC in line with the criteria stipulated within its Term of Reference, which is made available on the Company's website. The NC recommends shortlisted candidates for the Board's approval. The Board will then, based on the recommendation of the NC, evaluate and decide on the appointment of the proposed candidate(s). The Company Secretary ensures that all appointments are properly conducted and in compliance with the legal and regulatory requirements.</p> <p>The NC has in place Directors' Assessment Policy that provides direction with regards to the required mix of skills, knowledge, expertise and experience, time commitment, integrity and competencies in meeting the needs of the Company.</p> <p>Candidates are meticulously vetted based on their competence, integrity, character, time commitment and experience as stated in Paragraph 2.20A of Listing Requirements and the Board Charter.</p>

	Moving forward, the Board will consider external and independent sources, if applicable and where necessary.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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	:	<p>The Nomination Committee comprises of three (3) members, all being Independent Directors.</p> <p>The NC is chaired by Dato' Kamarulzaman bin Jamil, an Independent Non-Executive Director of the Company.</p> <p>In discharging his duties as the Chairman of the NC, he undertakes to perform, amongst others, the following :</p> <ul style="list-style-type: none"> • leading the annual assessment of the Board and Board Committees • assessing the training needs for the Board • leading the review and recommendation to the Board regarding the Term of Reference of the NC. 	
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	:	<p>The NC conducted internally facilitated Board assessment via questionnaires on yearly basis. The results and recommendations from the evaluation of the Board and Board Committees are reported to the Board for consideration and action.</p> <p>During the year under review, the NC had conducted its evaluation of the Board, Board Committees, individual Directors and level of independency for Independent Directors and concluded that the Directors (individually and collectively) have discharged their respective roles and responsibilities in a conscientious manner, as well as the mix of skills, experience and contribution of each individual Director.</p> <p>The criteria on the evaluation of the effectiveness of the Board related to, amongst others, the appropriate composition and committees in correspondence to the Board's oversight duties, the right mix of skills and experience to optimize performance and strategy, clear definition of roles and responsibilities of the Board and individual Director.</p> <p>The criteria on the evaluation of the effectiveness of Board Committees related to, amongst others, whether the Board Committees have the right composition, sufficient knowledge on financial and related laws and regulations, whether the Board Committee properly discharges their responsibilities and provides appropriate report and recommendations to the Board.</p> <p>Based on the evaluation carried out, the Nomination Committee and the Board concluded that overall the Board's size is conducive for effective discussion and decision making and are satisfied that it has an appropriate balance of expertise, skills and attributes among the Directors including relevant core competencies.</p> <p>During the financial year under review, the Independent Non-Executive Directors did a self-evaluation of their independence based on the criteria of independence of the Bursa Malaysia Listing Requirements</p>

	and the Nomination Committee and the Board had reviewed and assessed the results of the said self-evaluation and concluded that the Independent Directors have met the criteria of independence based on the Listing Requirement.	
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 Board acknowledges that remuneration is a key ingredient in attracting, retaining and motivating talented and high-calibre individuals who can successfully run and manage the business. In this regard, the Board has formalised a Remuneration Policy with respect to the remuneration of Directors.</p> <p>In setting the remuneration of directors, the Board is guided by the Directors' Remuneration Policy. The Executive Directors shall not participate in decisions regarding their individual remuneration.</p> <p>The remuneration of Non-Executive Directors is determined by the Board with interested Directors abstaining from any deliberation or voting on the decision. The remuneration package for Executive Directors has been structured to link rewards to corporate and individual performance while Non-Executive Directors' remuneration reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors.</p> <p>The Directors' Remuneration Policy and accompanying procedures are disclosed on the Company's website.</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	:		
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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") is responsible to recommend the remuneration framework for Non-Executive Directors as well as the remuneration packages of Executive Directors and Senior Management.</p> <p>The duties and responsibilities of the Remuneration Committee are as follows :</p> <ul style="list-style-type: none">• to recommend to the Board, the remuneration of each Director in all its form, with the respective Directors abstain from deliberating their own remuneration; and• to establish and review the remuneration packages of each individual Executive Director such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Group successfully. <p>The Terms of Reference of the Remuneration Committee is disclosed on the Company's website at www.merge-energy.com.my.</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	:		
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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	:	Applied																																																																								
Explanation on application of the practice	:	<p>Details of the Directors' remuneration paid or payable to the Directors of the Company for the financial year ended 31 March 2019 on named basis are disclosed in the Corporate Governance Overview Statement. The remuneration breakdown of individual directors includes salary, bonus, fees, allowances and benefits in-kind.</p> <p>The remuneration received by each Directors, including both Executive Directors and Non-Executive Directors is set out in the tables below :</p> <table border="1"> <thead> <tr> <th></th> <th>Basic Salary (RM)</th> <th>Bonus (RM)</th> <th>Fees (RM)</th> <th>Allowances (RM)</th> <th>Benefits in kind (RM)</th> </tr> </thead> <tbody> <tr> <td colspan="6">Executive Directors</td> </tr> <tr> <td>Dato' Hj Mohamad Haslah</td> <td>-</td> <td>-</td> <td>20,000</td> <td>2,000</td> <td>-</td> </tr> <tr> <td>Dato' Tan Suan Ching</td> <td>-</td> <td>-</td> <td>12,000</td> <td>2,000</td> <td>-</td> </tr> <tr> <td>*Dato' Abdul Jalil Abdul Karim <i>Resigned on 30 Jan 2019</i></td> <td>449,070</td> <td>-</td> <td>-</td> <td>-</td> <td>18,918</td> </tr> <tr> <td>*Raizita binti Ahmad @ Harun <i>Resigned on 30 Jan 2019</i></td> <td>300,000</td> <td>-</td> <td>-</td> <td>36,000</td> <td>-</td> </tr> <tr> <td colspan="6">Non-Executive Directors</td> </tr> <tr> <td colspan="6">Receivables from Company :</td> </tr> <tr> <td>Dato' Lee Tian Hock</td> <td>-</td> <td>-</td> <td>6,000</td> <td>2,000</td> <td>-</td> </tr> <tr> <td>Dato' Kamarulzaman bin Jamil</td> <td>-</td> <td>-</td> <td>36,000</td> <td>11,000</td> <td>-</td> </tr> <tr> <td>Czarina Alia binti Abdul Razak</td> <td>-</td> <td>-</td> <td>6,000</td> <td>3,000</td> <td>-</td> </tr> <tr> <td>Dato' Tengku Rozanna Petri <i>Resigned on 30 Jan 2019</i></td> <td>-</td> <td>-</td> <td>46,000</td> <td>120,000</td> <td>-</td> </tr> </tbody> </table>		Basic Salary (RM)	Bonus (RM)	Fees (RM)	Allowances (RM)	Benefits in kind (RM)	Executive Directors						Dato' Hj Mohamad Haslah	-	-	20,000	2,000	-	Dato' Tan Suan Ching	-	-	12,000	2,000	-	*Dato' Abdul Jalil Abdul Karim <i>Resigned on 30 Jan 2019</i>	449,070	-	-	-	18,918	*Raizita binti Ahmad @ Harun <i>Resigned on 30 Jan 2019</i>	300,000	-	-	36,000	-	Non-Executive Directors						Receivables from Company :						Dato' Lee Tian Hock	-	-	6,000	2,000	-	Dato' Kamarulzaman bin Jamil	-	-	36,000	11,000	-	Czarina Alia binti Abdul Razak	-	-	6,000	3,000	-	Dato' Tengku Rozanna Petri <i>Resigned on 30 Jan 2019</i>	-	-	46,000	120,000	-
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	<p>Dato' Sheah Kok Fah <i>Resigned on 30 Jan 2019</i></p> <p>Dr Badrul Hisham Mohd Yusoff <i>Resigned on 3 May 2019</i></p>	-	-	40,000	8,000	-
<p>Explanation : for departure</p>	<p><i>Notes :</i></p> <p>1. <i>The above disclosures include all Directors who held office during the financial year.</i></p> <p>2. <i>The Executive Directors marked as * received remuneration from the subsidiary.</i></p> <p>3. <i>The Non-Executive Director only received remuneration from the Company.</i></p> <p>The disclosure is made in accordance with paragraph 11, Part A, Appendix 9C of the Listing Requirements.</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

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	:	The remuneration of the top five senior management of the Group are not disclosed on a named basis in the bands of RM50,000 due to confidentiality and sensitivity of each remuneration package.	
		The aggregate remuneration of the key senior management of the Group for the financial year ended 31 March 2019 has been included in the Audited Financial Statement (Note 31).	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	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 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	:	<p>The Chairman of the Board and Audit Committee is held by Dato' Hj Mohamad Haslah bin Mohamad Amin and Encik Shahrizam bin A Shukor respectively. Having the positions of Board Chairman and Chairman of the AC assumed by different individuals, it allows the Board to objectively review the AC's findings and recommendations.</p> <p>Encik Shahrizam is an accountant by profession and holds memberships in several professional bodies including the Malaysian Institute of Accountants (MIA) and Certified Practising Accountants (CPA) Australia. A licensed Chartered Accountant, with 20 years of big 4 experience in Financial Controller, Principal Auditor, Finance Director and Chief Financial Officer in private companies. He has also accumulated years of professional experience in various areas including, but not limited to : accounting policies and procedure, cash flow, taxes, auditing, capital and operating budgets, financial analysis/planning, financial statements and reporting, and business process improvements.</p> <p>Encik Shahrizam's full profile is available in the Profile of Directors of the Annual 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

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	:	<p>None of the Audit Committee members at present or in the past were former key audit partners of the Company’s external auditors.</p> <p>To date, the Company has not appointed any former key audit partner either as a Director or as an employee.</p> <p>It is not a practice of the Company to appoint any former key audit partner as member of the Audit Committee.</p> <p>If the need arise in future to consider former key audit partners as member of the Audit Committee, the Audit Committee will incorporate a written policy which requires a former key audit partner to observe a cooling-off period of at least two (2) years before he/she can be appointed as an Audit Committee member.</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 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	:	<p>The AC is responsible for assessing the capabilities and independence of the external auditors and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditors.</p> <p>In safeguarding and supporting external auditors' independence and objectivity, the Company has outlined the selection process of new external auditors, criteria for the annual assessment on the performance of external auditors, basic principles on the prohibition of non-audit services and the approval process for the provision of non-audit services in the Terms of Reference of the AC.</p> <p>The Board was of the view that the objectivity and independence of the External Auditors are not in any way impaired by reason of the non-audit services provided to the Group.</p> <p>The AC had in 2019 undertaken an annual assessment on the performance, suitability and independence of the external auditors based on the following criteria :</p> <ul style="list-style-type: none">• Calibre of the external auditors• Quality Processes and Performance• Audit Team• Independence, Objectivity and Professionalism• Audit Scope and Planning• Audit Fees• Audit Communications <p>Based on the assessment results, the AC was satisfied with the suitability of the external auditors, namely Baker Tilly Monteiro Heng PLT and recognised that the provision of non-audit services by Baker Tilly Monteiro Heng PLT for the financial year 2019 did not in any way impair their objectivity and independences as external auditors of the Company.</p>

	<p>Based on the AC recommendation and having regard to the outcome of the annual assessment of external auditors, the Board had agreed that the re-appointment of Baker Tilly Monteiro Heng PLT as external auditors of the Company be recommended to the shareholders for approval at the forthcoming 22nd AGM of the Company.</p> <p>During the financial year under review, the AC has also met with the external auditors in the absence of Management and Executive Board members.</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

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	:	<p>The AC comprises entirely of three (3) Independent Non-Executive Directors as follows :</p> <ol style="list-style-type: none">1) Encik Shahrizam bin A Shukor (Chairman) Independent Non-Executive Director Member of the MIA, CPA Australia2) Dato' Kamarulzaman bin Jamil (Member) Independent Non-Executive Director3) Tuan Hj Mohamad Nor bin Abas (Member) Independent Non-Executive Director <p>As independence is the cornerstone of a well-functioning audit committee, the Board is of the view that the existing composition of the AC allows its members to apply professional scepticism, vigilance and moral courage when undertaking their responsibilities on pertinent matters.</p>

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	:	Applied
Explanation on application of the practice	:	<p>The AC Chairman, Encik Shahrizam bin A Shukor is a Chartered Accountant, a member of MIA and CPA Australia.</p> <p>Collectively, the AC members provide an effective level of challenge to Management. All members of the Audit Committee have the necessary skills to discharge their duties and are able to understand matters under the purview of the Audit Committee. The qualification and experience of the individual Audit Committee members are as disclosed in the Profile of Board of Directors in the Annual Report.</p> <p>The AC members also continuously attend trainings and development as detailed in the Directors' Training section of the Corporate Governance Overview Statement of the Annual Report 2019.</p> <p>The Audit Committee members will continuously undertake relevant training/seminars from time to time to keep abreast with current developments in the market place as well as the current changes in laws and regulatory requirements. The Audit Committee is also regularly updated during the Audit Committee meeting by the External Auditors on the current changes to the accounting and auditing standards and policies.</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	:		
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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	:	<p>The Group's in-house Internal Auditor, Encik Mohd Syahir bin Jalani has facilitated the Group to set up a Risk Management Framework. Based on the framework, the Heads of Department, working closely with the Executive Directors, are responsible to identify, assess, document and manage significant risks faced by the Group in the form of Risk Register.</p> <p>The Risk Register will be reviewed and updated periodically for reporting to the Risk Management Committee and thereafter, to the Board of Directors. The findings arising from the internal audit process as well as the recommendations for improvement are presented to Management and AC. Any significant findings will be brought to the attention of the Management immediately and reported to the AC during the AC meeting.</p> <p>The Board, as a whole would continue to monitor and review the effectiveness and adequacy of the Group's risk management and internal control framework to ensure they continue to be resilient and reliable.</p> <p>Further details are as stated in the Statement on Risk Management and Internal Control in the Annual Report 2019.</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 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	:	<p>The Board has established a framework to review and manage significant risks to the Group. The key features and elements of the Group's risk management and internal control as well as their adequacy and effectiveness is presented in the Statement on Risk Management and Internal Control of the Annual Report 2019.</p> <p>The Board acknowledges its overall responsibility of the Group's system of internal control as well as risk management to safeguard shareholders' investment and the Group's assets. The effectiveness of the Group's internal control is reviewed by the Audit Committee during its quarterly meetings. This review covers the financial, operational and compliance controls as well as the process for the identification, evaluation and management of the significant risks faced by 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

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 Board has established a Risk Management Committee, which comprises entirely of independent directors.</p> <p>The Risk Management Committee assists the Board in overseeing the risk management process within the Group.</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 AC is responsible for monitoring and reviewing the effectiveness of the Group’s internal audit function. The function is independent of the external auditors and is led by the Group’s in-house Internal Auditor.</p> <p>The internal audit function is effective and able to function independently. The Internal Auditor reports directly and functionally to the Audit Committee. The internal audit function and activities are set out in the Statement on Risk Management and Internal Control and Audit Committee Report in the Annual Report 2019.</p> <p>The Internal Auditor is invited to attend the Audit Committee meetings on quarterly basis to report on the findings and recommendations to the AC and also to facilitate the deliberation of audit reports. The minutes of the Audit Committee meetings are tabled to the Board for information and serves as a reference especially when there are pertinent points should any of the Board members wish to highlight or seek clarification.</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>There is currently one (1) Internal Auditor with relevant qualification and experience who reports directly and functionally to the Audit Committee and ultimately to the Board. Administratively the Internal Auditor reports to the Executive Directors of the Company.</p> <p>The Internal Auditor, Encik Mohd Syahir Bin Jalani holds a Bachelor's Degree with Honours in Accounting from Universiti Tenaga Nasional (UNITEN). He is also an associate member of The Institute of Internal Auditors Malaysia.</p> <p>The Internal Auditor is free from any relationships or conflicts of interests, which could impair his objectivity and independence during the course of the work.</p> <p>The internal audits include evaluation of the processes where significant risks are identified, assessed and managed and are carried out in accordance with the Group's Risk Management and Internal Control Framework.</p> <p>The internal audit works was carried out based on Risk Based Audit Methodology, which is closely consistent with the International Professional Practices Framework (IPFF) of the Institute of Internal Auditors.</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	:		
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Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board maintains a dialogue with shareholders, directed towards ensuring a mutual understanding of objectives. Its primary contact, facilitated through the Executive Chairman.</p> <p>The Company has in place the Corporate Disclosure Policies and Procedures ("CDPP"). The CDPP encourages a two-way dialogue between the Company and its stakeholders as well as ensure the Directors and Senior Management provides accurate, timely and balanced disclosure to the stakeholders of the Company.</p> <p>The Board believes in clear communication with the Company's shareholders and other stakeholders. The Board continuously ensures that it maintains a high level of disclosure and communication with its shareholders through various practicable channels. The annual reports and the announcements made quarterly and otherwise, are the primary modes of communication to report on the Group's business, activities and financial performance to its shareholders. In addition to various announcements made during the year, the timely release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations.</p> <p>MEB's website at www.merge-energy.com.my also provides an avenue for shareholders and members of the public to assess information pertaining to the Group, which is being regularly updated.</p> <p>The AGM is a platform to meet and engage with shareholders, to encourage them to interact and participate in getting to know the Company's and the Group's progress and/or performance better.</p>
Explanation for departure	:	

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

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	:	Not applicable as the Company is not a Large Company as defined by the Malaysian Code on Corporate Governance 2017.	
		Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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	:	<p>The Board considers the AGM as an invaluable platform for shareholders to engage the Board and Management of the Company in a productive and constructive two-way dialogue. As such, the Board strives to ensure that shareholders are accorded with sufficient time to prepare and accord due consideration to the resolutions that will be discussed and decided upon at the AGM.</p> <p>Thus, the Notice of AGM of the Company is always given to the shareholders at least 28 days prior to the meeting. The notice of the forthcoming 22nd AGM is dated 26 July 2019 whilst the meeting will be held on 19 September 2019, giving the shareholders more than 28 clear days' notice.</p> <p>In order to achieve the widest possible dissemination, the Company also publishes the Notice of AGM in a nationally circulated newspaper and the Company's website besides being dispatched to shareholders.</p> <p>Furthermore, the Notice of AGM outlines the resolutions to be tabled during the meeting and is accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the AGM. Each item of special business included in the notice of the AGM will be accompanied by a full explanation of the effects of a proposed resolution to facilitate full understanding and evaluation of the issues involved.</p> <p>Details of the Notices of AGM of the Company :</p> <table border="1"><thead><tr><th></th><th>Date of Issue Notice of AGM</th><th>Date of AGM</th><th>No. of days prior to AGM</th></tr></thead><tbody><tr><td>AR 2017</td><td>28 July 2017</td><td>14 Sept 2017</td><td>47 days</td></tr><tr><td>AR 2018</td><td>27 July 2018</td><td>6 Sept 2018</td><td>40 days</td></tr><tr><td>AR 2019</td><td>26 July 2019</td><td>19 Sept 2019</td><td>53 days</td></tr></tbody></table>		Date of Issue Notice of AGM	Date of AGM	No. of days prior to AGM	AR 2017	28 July 2017	14 Sept 2017	47 days	AR 2018	27 July 2018	6 Sept 2018	40 days	AR 2019	26 July 2019	19 Sept 2019	53 days
	Date of Issue Notice of AGM	Date of AGM	No. of days prior to AGM															
AR 2017	28 July 2017	14 Sept 2017	47 days															
AR 2018	27 July 2018	6 Sept 2018	40 days															
AR 2019	26 July 2019	19 Sept 2019	53 days															

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	:	<p>All Directors attended the Company AGM held on 6 September 2018.</p> <p>During the AGM, the Board presents the financial performance of the Group. Shareholders were given the opportunity to seek and clarify any pertinent and relevant issues raised in the meeting in relation to the operations and performance of the Group and to exchange views with the Board.</p> <p>The Board also encouraged shareholders' participation at the AGM by inviting them to raise questions in relation to the Group's business operation, financial performance and resolutions being proposed before putting them to vote. All the queries raised by the shareholders were well attended by the Directors and Senior Management.</p> <p>The Board in its shareholder relationship also ensured that the Board and Management spend time attempting to anticipate specific shareholder questions and to develop appropriate responses.</p> <p>The external auditors were also present at the AGM to provide their professional and independent clarification on issues and concerns raised by the shareholders.</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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board ensures that the location of the general meeting is easily accessible to the shareholders of the Company. Twenty-first AGM in 2018 was held at Bandar Pinggiran Subang, Shah Alam, a venue that was accessible by its shareholders via highways and public transport. Shareholders who were unable to attend the AGM were encouraged to appoint his/her/its proxy/proxies to attend and vote at the AGM.</p> <p>The upcoming 22nd AGM on 19 September 2019 will be held at the MEB Boardroom, Bandar Pinggiran Subang, Seksyen U5, Shah Alam, which is accessible by public transport and the MRT station.</p> <p>The Board acknowledges that MCCG encourages for voting in absentia and remote shareholders' participation at general meetings. As MEB does not have a large number of shareholders, the Board views that the current practice is suffice and will not adopt the technology at the time-being.</p> <p>Nonetheless, the Board will observe the development of such technology in the market and may implement in the future when the need arises.</p> <p>Shareholders entitled to attend and vote at the general meetings are entitled to appoint any person(s) as their proxies to attend and vote in his stead.</p>
<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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