

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7172
COMPANY NAME : PMB Technology Berhad
FINANCIAL YEAR : December 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 of Directors ("Board") of PMB Technology Berhad ("PMBT" or the "Company") 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.</p> <p>During the financial year 2019, the Board deliberated on the short, medium and long term strategy for the Group together with its proposed business plans for the year 2020. 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>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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 Tan Sri Dato' Koon Poh Keong, an Executive Director. He is the co-founder 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. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board and Chief Executive Officer ("CEO") are assumed by different individuals, i.e. Tan Sri Dato' Koon Poh Keong and Mr Koon Poh Ming respectively. The separation of powers between the CEO and the Chairman are clearly elucidated in the Board Charter.</p> <p>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. 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.pmbtechnology.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two outsourced and qualified Company Secretaries, namely Ms Tai Yit Chan (MAICSA 7009143) and Ms Tan Ai Ning (MAICSA 7015852). Both the individuals fulfil the qualification requirements of a company secretary as enshrined in Section 235(2) of Companies Act 2016.</p> <p>The Company Secretaries perform 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.</p> <p>The Company Secretaries ensure all Board and Board Committees meetings are properly organised and convened in a timely manner. The Company Secretaries also ensure that records of meeting deliberations, proceedings and resolutions passed are recorded, properly maintained and secured.</p> <p>Further details on the role of the Company Secretaries are set out in the Company's Board Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>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. The Company Secretaries are 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 Secretaries. The minutes reflects key deliberations and decisions, rationale for each decision 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 meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter of the Company outlines amongst others, the following:</p> <ul style="list-style-type: none"> • Role of the Board, Chairman, the CEO, Directors, Independent Directors and Senior Independent Director; • Board processes in relation to meeting agenda, frequency, documentation and access to information; • Matters reserved for the Board; • Roles and responsibilities of Company Secretaries; • The Board’s relationship with shareholders and stakeholders; and • Induction process for newly-appointed Directors. <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. The Board Charter is made available on the Company’s website at www.pmbtechnology.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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; and• 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.</p> <p>The Code of Conduct and Code of Ethics are available on the Company's website at www.pmbtechnology.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 3.2

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

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> <ul style="list-style-type: none"> i) Encourage a whistle-blower to feel confident in raising genuine concerns and to question and act on those concerns; ii) Provide ways to raise those concerns and get feedback on action taken; and 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.
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	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. Presently, the Company's Independent Directors is 42.86%. A detailed breakdown of the composition is as below:	
		<ul style="list-style-type: none">• 1 Executive Chairman;• 1 CEO;• 2 Executive Directors; and• 3 Independent Non-Executive Directors, including the Senior Independent Director.	
		Whilst the Board aims to move towards adopting this Practice in the future, the Board would not bludgeon through changes for the mere sake of compliance in form.	
<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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board, through the Nomination Committee ("NC") assesses Independent Directors annually to ascertain if they display a strong element of objectivity, both in appearance ("perceived independence") as well as of mind ("independence in thought and action").</p> <p>Two (2) Independent Non-Executive Directors, namely Mr Loo Lean Hock and Mr Ernest Bong Miau Fatt have served on the Board for more than 12 years. The NC and the Board have upon their assessment for the financial year under review concluded that both of them had complied with the criteria of "independence" as set out in Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and carried out their duties and responsibilities independently and objectively. Shareholders' approval was granted at the Seventeenth Annual General Meeting ("AGM") to retain them as the Independent Non-Executive Directors.</p> <p>The Board will continue to seek shareholders' approval at the forthcoming Eighteenth AGM to retain them as the Independent Directors of the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 NC, 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 NC 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 (e.g. accounting, legal, finance and economics, engineering and business management) and age (range between 45-64).</p> <p>The appointment of Senior 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	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Presently, the Board has one woman Director, i.e. Puan Noor Alina Binti Mohamad Faiz, who was appointed to the Board in 2016, representing 14.29% of the total number of Board members.</p> <p>Besides that, 30.30% of the Managerial positions of the Company are held by women (2018: 40.43%).</p> <p>With the newly adoption of Diversity Policy, the Board will work to achieve 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 Senior 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	:	Applied
Explanation on application of the practice	:	<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 NC. Besides that, the NC can also utilise independent services to identify suitably qualified candidates, if necessary. The NC will assess and consider the suitability of the candidates based on the criteria set before recommending to the Board for appointment.</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 Companies Secretaries ensure that all appointments are properly conducted and in compliance with the legal and regulatory requirements.</p> <p>There was no new appointment of Director during the year under reviewed.</p>
Explanation for departure	:	<p>Please provide an explanation for the departure.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 NC is chaired by Mr Loo Lean Hock, a Senior 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; and • 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 (assisted by the Company Secretaries) 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>Furthermore, the Board has established the Directors’ Assessment Policy which outlines well-defined assessment criteria and procedures.</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.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.1

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 that can successfully run and manage the business. In this regard, the Board has formalised a Remuneration Policy with respect to the remuneration of Directors. It should be noted that the three Executive Directors namely Mr Koon Poh Ming, Mr Koon Poh Weng and Dato' Koon Poh Tat also constitute the Senior Management personnel.</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	:	
<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

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	:	The Remuneration Committee ("RC") consists entirely Independent Non-Executive Directors. The RC is responsible to recommend the remuneration framework for Non-Executive Directors as well as the remuneration packages of Executive Directors and Senior Management. The Terms of Reference of the RC is made available on the Company's website.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application :	Applied										
Explanation on application of the practice :	The remuneration received by each Directors, including both Executive Directors and Non-Executive Directors is set out in the tables below:										
	Director's Fees (RM'000)		Salaries (RM'000)		Bonus (RM'000)		Other Emoluments (RM'000)		Total (RM'000)		
	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company	
	Non-Executive Directors										
	Loo Lean Hock	42	42	-	-	-	-	8	8	50	50
	Ernest Bong Miao Fatt	42	42	-	-	-	-	8	8	50	50
	Noor Alina binti Mohamad Faiz	42	42	-	-	-	-	8	8	50	50
	Executive Directors										
	Tan Sri Dato' Koon Poh Keong	-	-	422	89	33	7	86	18	541	114
	Koon Poh Ming	-	-	422	89	33	7	86	18	541	114
	Dato' Koon Poh Tat	-	-	340	60	27	5	69	12	436	77
	Koon Poh Weng	-	-	340	60	27	5	69	12	436	77
	Total remuneration (RM)										
			Group				Company				
	Non-Executive Directors		150				150				
	Executive Directors		1,954				382				
	Total (RM)		2,104				532				
	The disclosure is made on a group level and listed issuer level, in accordance with paragraph 11, Part A, Appendix 9C of the Listing Requirements.										
Explanation for departure :											
	<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>										

Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.2

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	:	Applied	
Explanation on application of the practice	:	All the three (3) Executive Directors namely Mr Koon Poh Ming, Mr Koon Poh Weng and Dato' Koon Poh Tat are also the top Senior Management. Please refer to Practice 7.1 of this Corporate Governance Report for further details.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - 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 AC are held by Tan Sri Dato' Koon Poh Keong and Mr Loo Lean Hock 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>Mr Loo is an accountant by profession and holds memberships in several professional bodies including the Malaysian Institute of Accountants ("MIA"), Malaysian Institute of Certified Public Accountants ("MICPA"), Certified Practising Accountants Australia, the Chartered Tax Institute of Malaysia and professional member of Institute of Internal Auditors Malaysia. Mr Loo has also accumulated years of professional experience within the area of accounting, having served as the Financial Controller for several companies and eventually went on to establish his own practice.</p> <p>Mr Loo's full profile is available on page 11 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>The Terms of Reference of AC states that a former key audit partner is required to observe a cooling-off period of at least 2 years before being appointed as a member of the AC. The Terms of Reference of the AC is available on the Company's website.</p> <p>To date, PMBT has not appointed any former key audit partner either as a Director or as an employee.</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 has determined that the provision of non-audit service contracts which cannot be entered into with the External Auditors include strategic decision, internal audit and policy and standard operating procedures documentation. The Board was of 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 on 24 February 2020 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 KPMG PLT and recognised that the provision of non-audit services by KPMG 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 KPMG PLT as external auditors of the Company be recommended to the shareholders for approval at the forthcoming Eighteenth AGM of the Company.</p> <p>During the financial year under review, the AC also met with the external auditors twice 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 exclusively three (3) Independent Non-Executive Directors as follows:</p> <ol style="list-style-type: none">1) Mr Loo Lean Hock (Chairman)2) Mr Ernest Bong Miao Fatt (Member)3) Puan Noor Alina Binti Mohamad Faiz (Member) <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, Mr Loo Lean Hock is an accountant by profession and a member of MICPA and MIA, amongst others.</p> <p>In addition to that, other AC members possess the legal, engineering and commercial knowledges/skills which enable them to discharge their responsibilities. Together, they provide an effective level of challenge to Management. 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>
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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's outsourced Internal Auditors, Baker Tilly Monteiro Heng Governance Sdn Bhd ("Baker Tilly") has facilitated the Group to set up an Enterprise Risk Management ("ERM") framework. Based on the framework, the Head 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. The Risk Register will be reviewed and updated periodically for reporting to the AC and thereafter, to the Board of Directors.</p> <p>The findings arising from the internal audit process as well as the recommendations for improvement are presented to Management and AC. Any significant finding 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The 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 are presented in the Statement on Risk Management and Internal Control of the Annual Report 2019.	
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	:	Not Adopted
Explanation on adoption of the practice	:	

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 outsourced Internal Auditors, Baker Tilly. The Internal Auditors attends AC meeting and reports to the AC on quarterly basis.</p> <p>For further details, please refer to AC Report of 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 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>PMBT Group outsourced its internal audit function to Baker Tilly, led by Mr Kuan Yew Choong, who is graduated with Association of Chartered Certified Accountants (UK), a professional member of the Institute of Internal Auditors, Malaysia and MIA.</p> <p>Depending on the auditable scope, in which a team of two (2) to three (3) internal auditors, were deployed by Baker Tilly for the internal audit work performed for the Group during the financial year 2019. All the personnel deployed by Baker Tilly are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.</p> <p>The internal audit work was carried out based on Baker Tilly Internal 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	:	

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 CEO.</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 is providing accurate, timely and balanced disclosure to the stakeholders of the Company.</p> <p>Apart from making the announcement through Bursa Securities, the Company also met with analysts, fund managers and investors to give them a better understanding of the company, whenever possible. Stakeholders can always contact the Company through ir@pmbtechnology.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<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>The AGM Notice of the Company is always given to the shareholders at least 28 days prior to the meeting. The notice of the forthcoming Eighteenth AGM is dated 13 May 2020 whilst the meeting will be held on 11 June 2020, giving the shareholders 28 clear days' notice.</p> <p>In order to achieve the widest possible dissemination, the Company publishes the notice of AGM in a nationally circulated newspaper while at the same time, uploads the notice of AGM on the Company's website as well as Bursa Securities' website through release of announcement.</p> <p>Furthermore, the notice of the 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.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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>The Company had held three (3) general meetings in the financial year ended 31 December 2019 as follows:</p> <ol style="list-style-type: none">1) Seventeenth AGM on 26 June 2019;2) Extraordinary General Meeting (“EGM”) on 26 June 2019; and3) EGM on 18 December 2019. <p>All Directors attended the general meetings except for Tan Sri Dato’ Koon Poh Keong who was unable to attend the EGM held on 18 December 2019 due to work commitment.</p> <p>The Board encouraged shareholders’ participation at the said general meetings by inviting them to raise questions in relation to PMBT’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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	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. Seventeenth AGM in 2019 was held at Kuala Lumpur, a venue that was accessible by its shareholders. Shareholders whom unable to attend the AGM were encouraged to appoint his/her/its proxy/proxies to attend and vote at the AGM.</p> <p>Nonetheless, the Company will hold its Eighteenth AGM fully virtual by using remote participation and voting facilities. This allows the shareholders to participate in the AGM while at the same time, followed the health guidance issued by the Government of Malaysia of not having mass gathering and practicing social distancing to curb the spread of coronavirus ("COVID-19") disease. The virtual AGM is in compliance with the Company's Constitution, Companies Act 2016 and other legal requirements.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**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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