

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7172
COMPANY NAME : PMB Technology Berhad
FINANCIAL YEAR : December 31, 2021

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 2021, the Board deliberated on the short, medium and long term strategy for the Group together with its proposed business plans for the year 2022. 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

	<p>ensuring the integrity of financial and non-financial information with the guidance of Audit Committee (“AC”);</p> <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 effective communication with shareholders and relevant stakeholders;• 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 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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Chairman of the Board, Tan Sri Dato' Koon Poh Keong is not a member of the Audit Committee, Nomination Committee nor Remuneration Committee of the Company and does not participate in any of the committees' meetings.</p> <p>The Company exhibits high level of corporate governance by putting emphasis and promoting objective review by the Board on deliberations emanating from the committees.</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

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) (SSM PC NO. 202008001023) and Ms Tan Ai Ning (MAICSA 7015852) (SSM PC NO. 202008000067). 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 1.6

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

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 Company adopted the Anti-bribery and Anti-corruption Policy ("ABAC Policy") to ensure it has adequate procedures in place to prevent corrupt conduct in relation to the business activities.</p> <p>The Code of Conduct, Code of Ethics and ABAC Policy 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	:		

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, for 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 at www.pmbtechnology.com.</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

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is accountable for scrutinising and approving the overall strategic plan, with attention given to managing sustainability impacts of the Group's business operation. The Board acknowledges its role in setting the "tone from the top" and good governance across Group. In this regard, the Board continues to play an active role in not just setting broad objectives and direction, but also in the proliferation of the group-wide environmental, social and corporate governance ("ESG") agenda. The Board supports the cultivation of an ESG oriented organisational culture across the Group.</p> <p>The Company has since year 2017, established Sustainability Working Group which led by the Group Financial Controller, consisting of Management from various department to monitors and manages overall sustainability performance, assesses materiality and operational requirement as well as ensure sustainability reporting disclosures meet regulatory requirements and obtains CEO and Board of Director's approval.</p> <p>The Company has also in place the Sustainability Policy to promote and integrate the principles of sustainability into the Group's strategies, policies and procedures. The said policy shall be reviewed periodically or as and when necessary by the Company. The Sustainability Policy is driven by the Sustainability Working Group and management team that have engaged in the development of priorities across three (3) sustainability themes:</p> <ul style="list-style-type: none">- Delivering Value Through Innovation- Driving Environmental Consciousness- Developing Capabilities & Opportunities <p>The details on Company's effort towards sustainability was disclosed via Sustainability Statement in the Annual Report 2021.</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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is cognisant that in driving an inclusive ESG agenda, it will continue to engage with diverse stakeholders and manage these relations proactively. Stakeholder perspectives are used to guide the identification, assessment and prioritisation of material topics, which in turn may convey the Company's business strategies and management approach to material ESG topics.</p> <p>The Company acknowledges that effective stakeholder communication is crucial in upholding its reputation as a trusted and responsible corporate citizen. Key stakeholders are those with significant importance or influence on its business. Regular communication with stakeholders, through a wide range of communication mediums, enables the Group to continuously develop and implement measures to effectively manage concerns and expectations.</p> <p>The Annual Report 2021 of the Company includes a Sustainability Statement which discloses the Company's sustainability strategies, priorities and targets as well as performance and it serves as the main communication tool of the Group's Sustainability to both internal and external stakeholders.</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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board keeps abreast of sustainability issues which are relevant to the Company and its business and operations.</p> <p>The Board is proponents of sustainability and consider sustainability risks and opportunities (including climate-related risks and opportunities) when making decisions.</p> <p>The Board are encouraged to attend seminar/training programmes which are conducted either internally or externally to gather more insights in relation to sustainability risks and opportunities from time to time, as detailed in the Directors' Training section of the Corporate Governance Overview Statement of the Annual Report 2021.</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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

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

Application	:	Departure
Explanation on application of the practice	:	<p>The Company is taking cognisance of the fast-changing environment in the industry and has in place processes and procedures to measure internal progress and achievement against sustainability targets.</p> <p>The Board Evaluation for year 2021 included ESG considerations and sustainability yardstick to ensure accountability in the performance of directors against ESG strategy and implementation given increased attention by stakeholders on sustainability or ESG risks and opportunities.</p> <p>The Nomination Committee and the Board are of the view that the current skills matrix is adequate to meet the strategic objectives of the Group.</p> <p>As for the Senior Management, the Company is in the midst of including a review in addressing sustainability risks and opportunities.</p>
Explanation for departure	:	<p>A study is required for developing the criteria for the performance evaluations of Management to address the material sustainability risks and opportunities.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board and the Management will review this area in year 2022.
Timeframe	:	2 years

Intended Outcome

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

Practice 4.5- Step Up

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

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	The Company has since year 2017, established Sustainability Working Group which led by the Group Financial Controller, consisting of Management from various departments to monitor and manage overall sustainability performance, assesses materiality and operational requirement as well as to ensure sustainability reporting disclosures meet regulatory requirements.

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee reviews the composition and balance of the Board and its Committees, their alignment with the Company's strategic objectives, and the need for progressive refreshing of the Board.</p> <p>On an annual basis, the Nomination Committee reviews the tenure of each Director and carries out a Board Effectiveness Evaluation to ensure that the Board as a whole and the Board Committees have been effective and fulfilling its roles and responsibilities.</p> <p>In addition, the independence of all Non-Executive Directors is reviewed by the Nomination Committee annually, with reference to their independence of character and judgement and whether any circumstances or relationships exist which could affect their judgement.</p> <p>For those Directors who are retiring and eligible for re-election, the Nomination Committee would only make recommendations for their re-election upon their satisfactory evaluation of their performance and contribution to the Board and the Committees, together with the overall balance of knowledge, skills, experience and diversity.</p> <p>The Nomination Committee also considers the time commitment of each Director and whether each re-election would be in the best interest of the Company.</p> <p>The Nomination Committee after taking into account the satisfactory performance and contributions of Mr Koon Poh Ming and Mr Koon Poh Weng, resolved to recommend their re-election at the 19th Annual General Meeting of the Company held on 29 June 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.2

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

Application	:	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. The Company has three (3) Independent Directors, representing 42.86% of the total Board members. A detailed breakdown of the composition is as below:	
		<ul style="list-style-type: none">• One (1) Executive Chairman;• One (1) CEO;• Two (2) Executive Directors; and• Three (3) Independent Non-Executive Directors, including a Senior Independent Director.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	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.	
Timeframe	:	Not Applicable	

Intended Outcome

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

Practice 5.3

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

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

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 are able to remain objective and independent in expressing their respective views and in participating in deliberations and decision-making of the Board and the Board Committees. Shareholders’ approval was granted at the Nineteenth Annual General Meeting (“19th AGM”) to retain them as the Independent Non-Executive Directors.</p> <p>The Board will continue to seek shareholders’ approval at the forthcoming Twentieth AGM (“20th 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	:	The Company is looking at refreshing the composition of the Independent Directors in year 2022/ 2023.
Timeframe	:	1 year

Intended Outcome

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

Practice 5.4 - Step Up

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

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

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 5.5

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

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

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 47 years old to 66 years old).</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 5.6

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

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

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 review.</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

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

Practice 5.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Board provided its statement of recommendation for the re-election of Mr Koon Poh Ming and Mr Koon Poh Weng in Explanatory Notes 3 in the Notice of 19 th AGM dated 28 May 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
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

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Presently, the Board has one (1) 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. However, 30.19% of the Managerial positions of the Company are held by women (2020: 21.08%).
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will continue to work on achieving the right balance of diversity in the Company according to the Diversity Policy. 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.
Timeframe	:	3 years

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has in place a Diversity Policy which outlines its approach to achieving and maintaining diversity (including gender diversity) on its Board of Directors and in Senior Management positions.</p> <p>The Board is committed to ensure that the appointments made to the Board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background, and gender.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Board has undertaken a formal and objective annual evaluation of the effectiveness of Board and Board Committees, the performance of individual Directors and the independency of Independent Non-Executive Directors. The assessment of the Board covers areas such as the Board structure, quality of information, Board's relationship with the Management, Board's activities, Chairman's roles and responsibilities, and the performance of the Board Committees. For self and peer assessment, the assessment criteria have included Directors' calibre and personality, Board's interaction and contribution, and quality of input to the Board.</p> <p>The Board evaluation are conducted by NC via evaluation forms. The evaluation forms are completed by each director annually. Upon completion of the assessments, the evaluation forms will be submitted to the Company Secretaries for tabulation and the results will be presented to the NC together with agreed action plans to address the gaps/areas for improvement, if any, for deliberation and onward submission to the Board.</p> <p>Based on the annual Board performance assessment, the Board is satisfied with the current composition, diversity and size of the Board. The Board is also satisfied with the effectiveness of the Board, Board Committees and individual Directors, including the Financial Controller, who have the requisite knowledge, skills and range of experiences to discharge their duties and responsibilities effectively.</p> <p>The Board will continue to review the efficiency and effectiveness of the Board evaluation process to ensure it remains a valuable feedback mechanism for improving Board effectiveness, maximising strengths and highlighting areas for further improvement. Independent experts may be engaged to facilitate the assessment of the Board when deemed necessary.</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 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

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 (3) 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	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied	
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 at www.pmbtechnology.com .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>In line with best corporate governance practice, the remuneration of each individual Director on named basis is made transparent and accessible to shareholders and stakeholders.</p> <p>The details of the remuneration of Directors comprising remuneration received from the Company and subsidiary companies for the financial year ended 31 December 2021 are set out as below:-</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Dato' Koon Poh Keong	Executive Director	Input info here	Input info here	94	8	Input info here	19	121	Input info here	Input info here	350	29	Input info here	72	451
2	Koon Poh Ming	Executive Director	Input info here	Input info here	94	8	Input info here	19	121	Input info here	Input info here	381	32	Input info here	78	491
3	Koon Poh Weng	Executive Director	Input info here	Input info here	63	5	Input info here	13	81	Input info here	Input info here	357	30	Input info here	74	461
4	Dato' Koon Poh Tat	Executive Director	Input info here	Input info here	63	5	Input info here	13	81	Input info here	Input info here	63	5	Input info here	13	81
5	Loo Lean Hock	Independent Director	44	8	Input info here	Input info here	Input info here	Input info here	52	44	8	Input info here	Input info here	Input info here	Input info here	52
6	Ernest Bong Miau Fatt	Independent Director	44	8	Input info here	Input info here	Input info here	Input info here	52	44	8	Input info here	Input info here	Input info here	Input info here	52
7	Noor Alina binti Mohamad Faiz	Independent Director	44	8	Input info here	Input info here	Input info here	Input info here	52	44	8	Input info here	Input info here	Input info here	Input info here	52
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Not applicable - all members of senior management are members of the board	
Explanation on application of the practice	:	All the four (4) Executive Directors namely Tan Sri Dato' Koon Poh Keong, Mr Koon Poh Ming, Mr Koon Poh Weng and Dato' Koon Poh Tat are also the top Senior Management. Please refer to Practice 8.1 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	:		

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<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 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 13 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 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<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 three (3) years before being appointed as a member of the AC. The Terms of Reference of the AC is available on the Company's website at www.pmbtechnology.com.</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 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>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 AC and Board have 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 2022 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 2021 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 Twentieth 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>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<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 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	The AC Chairman, Mr Loo Lean Hock is an accountant by profession and a member of MICPA and MIA, amongst others. 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. In order to equip themselves and effectively discharge their duties as AC members, the AC members continuously attend trainings and development as detailed in the Directors' Training section of the Corporate Governance Overview Statement of the Annual Report 2021.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 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 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 and AC immediately.</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 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board 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 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	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 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The AC is responsible for monitoring and reviewing the effectiveness of the Group’s internal audit function. The function is independent and is led by the Group’s outsourced internal auditors, Baker Tilly who reports directly to the AC. The internal auditors attend AC meeting and reports to the AC on quarterly basis.</p> <p>For further details, please refer to AC Report of the Annual Report 2021.</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 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>PMBT Group outsourced its internal audit function to Baker Tilly, led by Mr Kuan Yew Choong, who 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 2021. 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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board 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. The CDPP is available on the Company's website at www.pmbtechnology.com.</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 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable as the Company is not a Large Company as defined under the Malaysian Code on Corporate Governance 2021.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.1

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

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 Nineteenth AGM was issued on 28 May 2021 prior to the meeting on 29 June 2021. The notice of the forthcoming Twentieth AGM is dated 29 April 2022 whilst the meeting is scheduled to be held on 16 June 2022, 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, and 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 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had on 29 June 2021 conducted its fully virtual AGM, i.e. Nineteenth AGM via online meeting platform at https://tjih.online through live streaming and online remote voting via Remote Participation and Voting (“RPV”) facilities, which was in compliance with Section 327 of the Companies Act 2016 and Guidance and Frequently Asked Questions of the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia dated 1 June 2021. All meeting participants including the Chairman of the meeting, board members, senior management and shareholders participated virtually in this AGM.</p> <p>The Board encouraged shareholders’ participation at the said general meetings by inviting them to raise and submit their questions in real time via typed texts. All the questions raised by the shareholders were well attended by the CEO.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company held its Nineteenth AGM fully virtual via online meeting platform. This allowed the shareholders to participate in the AGM while at the same time, followed the health guidance issued by the Government of not having mass gathering and practicing social distancing to curb the spread of coronavirus disease. The virtual AGM is in compliance with the Company's Constitution, Companies Act 2016 and other legal requirements.</p> <p>Shareholder who is unable to attend and vote at the virtual AGM has been encouraged to appoint his/her proxy or the Chairman of the meeting to vote in his/her stead. All resolutions set out in the notice of Nineteenth AGM were put to vote via RPV facilities.</p> <p>A step-by-step administrative guide was issued to assist shareholders on the registration, participation and voting using the RPV facilities. The administrative guide was also published in the Company's website to encourage shareholders' participation.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The 19th AGM of the Company were conducted virtually. The Company had issued the administrative details for the 19th AGM, which encompassed the guidance on the conduct of the virtual meeting on 28 May 2021.</p> <p>The shareholders were allowed to submit their questions electronically through the online platform provided by the share registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its TIH Online website at http://tiah.online prior to general meeting, or used the query box to transmit questions to the Board of Directors via RPV facilities during live streaming of the general meeting.</p> <p>The Chairman of the 19th AGM had also informed the shareholders during the live streaming of the general meeting that they could submit their questions to the Board during the general meeting via the RPV facilities; and subsequently, the answers to all questions were addressed by the Chairman of meeting and CEO, before the commencement of the poll voting.</p> <p>The Company had ensured that all questions submitted by shareholders were answered.</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

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	<p>In view of the Covid-19 pandemic, the 19th AGM of the Company was held virtually.</p> <p>The RPV facilities provided by the share registrar, Tricor via its TIIH Online website at http://tiih.online allowed shareholders to pose questions to the Board and Chairman of the 19th AGM via typed text in the query box.</p> <p>At the “Questions and Answers” session, the TIIH Online platform had the facilities to live broadcast the questions/remarks and answers. The shareholders had experienced real time interaction with the Board during the meeting.</p> <p>Questions posed by shareholders had been made visible to all participants during the meeting via RPV facilities and the CEO provided his responses to respective questions accordingly in an orderly 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

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The Company had held 19 th AGM on 29 June 2021. Minutes of AGM was prepared and published on the Company's corporate website no later than 30 business days after the 19 th AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**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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