

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5125
COMPANY NAME : PANTECH GROUP HOLDINGS BERHAD
FINANCIAL YEAR : February 28, 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 PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:</p> <ul style="list-style-type: none"> i. reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business; ii. overseeing the conduct of the Group's business and evaluating if its businesses are being properly managed; iii. identify principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks; iv. ensuring that all candidates appointed to senior management positions are of sufficient calibre, including the orderly succession of senior management personnel; v. overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company; and vi. reviewing the adequacy and integrity of the Group's internal control and management information systems.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied	
Explanation on application of the practice	:	The Executive Chairman is primarily responsible for the vision and strategic planning of the Group and to provide leadership and ensure effective conduct of the Board. He ensures the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure all Directors participate and deliberated at all Board meetings and that no Board member dominates discussion.	
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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board believes that for its current size, it is more expedient for the two roles to be held by the same person as long as there are pertinent checks and balance to ensure no one person in the Board has unfettered powers to make major decisions for the Company unilaterally.
		The Executive Chairman who also holds the position of the Group Managing Director is supported by a Deputy Group Managing Director and 3 Executive Directors who collectively decides the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.
		The Non-Executive Directors fulfil a pivotal role in corporate governance accountability by providing unbiased and independent views and advice on management proposals. The Independent Directors continued to exercise independent judgements to ensure fair and objective deliberation at board meetings.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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 (2) suitably qualified and competent Company Secretaries who are members of the relevant professional bodies. Both are qualified to act as company secretary under Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretaries support the Board to ensure its effective functioning, and in managing the corporate governance framework of the Group. The Company Secretaries also advise the Directors on their fiduciary and statutory duties, as well as compliances with company law, the MMLR, the Company's Constitution, the MCCG, Board policies, and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances, as and when necessary.</p> <p>The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and changes in the regulatory environment, through continuous training and industry updates.</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>To facilitate the Directors' time planning, the annual meeting calendar is prepared and discussed in advance during Boards meeting. The calendar provides Directors with scheduled dates for Board meetings, Board Committees meetings and Annual General Meeting ("AGM").</p> <p>With the meeting dates fixed in advance, notices and meeting papers are distributed seven (7) days prior to the meetings. This ensures that Directors have full and timely access to information as well as sufficient time to review the information and then discuss and/or deliberate the decision making at the meeting.</p> <p>All proceedings of Board meetings were minuted by the Company Secretary. The minutes would be distributed to all Directors on a timely manner and tabled for confirmation at the next meeting and signed copies of the minutes were kept in the minutes book maintained by the Company Secretary.</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 responsibilities and functions reserved for the Board and those delegated to the Management were clearly defined in the Board Charter. It also provides a basis to the Board in assessing its own performance and that of its individual Directors. The Board Charter is available on the Company's website www.pantech-group.com</p> <p>The Board will periodically review the Board Charter and make any changes whenever 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 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 Board adopted a Code of Ethics setting out the proper ethical behaviour expected of the Board members and the employees which includes the principles relating to legal obligations, conflict of interest, confidentiality, dealings in securities, money laundering and social responsibility.</p> <p>The Company also has a whistle-blowing policy which provides an avenue to voice genuine concerns of any suspected wrongdoings, business misconduct and malpractices impacting the interest of the Group. Both the Code of Ethics and Whistle-blowing policy are available on the Company's website www.pantech-group.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	:	The Company has in place a whistle-blowing policy which provides an avenue to voice genuine concerns of any suspected wrongdoings, business misconduct and malpractices impacting the interest of the Group. The Whistle-blowing policy is available on the Company's website www.pantech-group.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

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 Directors, with their differing backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance; accounting and audit; corporate affairs; marketing and operations. The Board considers its current Board composition and size to be appropriate and effective, taking into account the nature of the Group's operation, and fairly reflects the investment of minority shareholders of the Company. When determining the composition, due consideration is given to the Director's industry experience and mix of skills or competencies for an effective Board.	
	:	The Board currently has nine (9) members, comprising of five (5) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.	
	:	Currently, the Board comprises 33% independent directors. The Company is also in compliance with the Main Market Listing Requirements provision of at least 2 directors or 1/3 of the board of directors, whichever is the higher, are independent directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The Board has adopted the 9-year tenure for independent Directors and accordingly, three new independent Directors were appointed on 26 July 2017.

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 Group is an equal opportunity employer and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation. The appointment of new board members and senior management will be guided by the skills, competencies, knowledge, experience, commitment and integrity of the candidate.</p> <p>The current Board composition reflects a balance of Executive and Independent Non-Executive Directors with a mix of qualified and experienced professionals in the field of construction, banking and finance, accountancy, legal and corporate finance. The combination of different professions and skills will enable an effective deliberation among Board members with objective assessment and insights.</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	:	Departure	
Explanation on application of the practice	:	The Board does not establish any diversity policy for the Board and workforce in terms of gender, age and ethnicity or setting any target as it is of the view that appointment of directors and employees should be based strictly on merits and not driven by any nationality, racial, age or gender bias. Currently, the Board comprises of 30% women directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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	:	The selection process involves drawing up specifications required of a candidate, sourcing through external providers or internally initiated by the Chairman, identifying, assessing and evaluating suitability of candidate against selection criteria taking into consideration the size of Board, mix of skills, experiences and other qualities of the candidate before making recommendation to the Board for appointment. 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 also utilizes independent sources to identify suitably qualified candidates. The final decision as to who shall be appointed remains the responsibility of the Board as a whole.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by an Independent Director, Dato' Sri Yap Tian Leong.	
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 Board conducts an annual assessment which involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered through the NC for the financial year ended 28 February 2019. The following key aspects were considered in the assessment:</p> <ul style="list-style-type: none">(a) appropriate size, composition, independence, mix of skills and experience within the Board and the Board Committees;(b) clear definition of the Board and Board Committees' roles and responsibilities;(c) the functions of the Board and Board Committees;(d) open communication of information and active participation within Board and Board Committees; and(e) proper discharge of responsibilities and leadership by the Chairman of the Board and Board Committee(s). <p>All assessments and evaluations carried out will be documented and minuted by the Company Secretary. The results of all assessments and comments by Directors are summarised and deliberated at the NC meeting and thereafter reported to the Board for deliberation.</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 RC is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted, with the Directors concerned abstaining from discussions on their individual remuneration.</p> <p>The objective of the remuneration policy is to structure the component of remuneration for Executive Director so as to link rewards to corporate and individual performance towards achievement of the Company's strategic objectives and for Non-Executive Directors, to link the level of remuneration to the experience and responsibilities undertaken by the Independent Director.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	The RC has a set of Terms of Reference defining its scope of authorities, responsibilities and duties. The details of the Terms of Reference of RC are available for reference at the Company's website at www.pantech-group.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 7.1

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

Application	:	Applied																																																																																																																																				
Explanation on application of the practice	:	<p>In line with the Code, disclosure of the remuneration of Directors' of the Group is made on a named basis. Details of the remuneration of each Director for the financial year ended 28 February 2019 are as follows:</p> <table border="1"> <thead> <tr> <th>COMPANY</th> <th>Other Emoluments (RM'000)</th> <th>Defined Contribution Plan (RM'000)</th> <th>Fees (RM'000)</th> <th>TOTAL (RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="5">Executive Directors:</td> </tr> <tr> <td>Dato' Chew Ting Leng</td> <td>463</td> <td>26</td> <td>-</td> <td>489</td> </tr> <tr> <td>Dato' Goh Teoh Kean</td> <td>357</td> <td>20</td> <td>-</td> <td>377</td> </tr> <tr> <td>Tan Ang Ang</td> <td>304</td> <td>17</td> <td>-</td> <td>322</td> </tr> <tr> <td>To Tai Wai</td> <td>291</td> <td>35</td> <td>-</td> <td>326</td> </tr> <tr> <td>Ng Lee Lee</td> <td>121</td> <td>14</td> <td>-</td> <td>135</td> </tr> <tr> <td colspan="5">Non-Executive Directors:</td> </tr> <tr> <td>Sakinah Binti Salleh</td> <td>-</td> <td>-</td> <td>38</td> <td>38</td> </tr> <tr> <td>Lim Yoong Xao</td> <td>-</td> <td>-</td> <td>43</td> <td>43</td> </tr> <tr> <td>Dato' Sri Yap Tian Leong</td> <td>-</td> <td>-</td> <td>38</td> <td>38</td> </tr> <tr> <td>Nooraini Bt Mohd Yasin</td> <td>-</td> <td>-</td> <td>38</td> <td>38</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>GROUP</th> <th>Other Emoluments (RM'000)</th> <th>Defined Contribution Plan (RM'000)</th> <th>BIK (RM'000)</th> <th>Fees (RM'000)</th> <th>TOTAL (RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="6">Executive Directors:</td> </tr> <tr> <td>Dato' Chew Ting Leng</td> <td>1,783</td> <td>96</td> <td>35</td> <td>110</td> <td>2,024</td> </tr> <tr> <td>Dato' Goh Teoh Kean</td> <td>1,210</td> <td>65</td> <td>36</td> <td>110</td> <td>1,421</td> </tr> <tr> <td>Tan Ang Ang</td> <td>1,037</td> <td>58</td> <td>17</td> <td>60</td> <td>1,172</td> </tr> <tr> <td>To Tai Wai</td> <td>898</td> <td>108</td> <td>16</td> <td>50</td> <td>1,072</td> </tr> <tr> <td>Ng Lee Lee</td> <td>597</td> <td>71</td> <td>24</td> <td>50</td> <td>742</td> </tr> <tr> <td colspan="6">Non-Executive Directors:</td> </tr> <tr> <td>Sakinah Binti Salleh</td> <td>-</td> <td>-</td> <td>-</td> <td>38</td> <td>38</td> </tr> <tr> <td>Lim Yoong Xao</td> <td>-</td> <td>-</td> <td>-</td> <td>43</td> <td>43</td> </tr> <tr> <td>Dato' Sri Yap Tian Leong</td> <td>-</td> <td>-</td> <td>-</td> <td>38</td> <td>38</td> </tr> <tr> <td>Nooraini Bt Mohd Yasin</td> <td>-</td> <td>-</td> <td>-</td> <td>38</td> <td>38</td> </tr> </tbody> </table> <p><i>* Other emoluments consist of monthly salary, bonuses, and contribution to SOCSO</i></p>	COMPANY	Other Emoluments (RM'000)	Defined Contribution Plan (RM'000)	Fees (RM'000)	TOTAL (RM'000)	Executive Directors:					Dato' Chew Ting Leng	463	26	-	489	Dato' Goh Teoh Kean	357	20	-	377	Tan Ang Ang	304	17	-	322	To Tai Wai	291	35	-	326	Ng Lee Lee	121	14	-	135	Non-Executive Directors:					Sakinah Binti Salleh	-	-	38	38	Lim Yoong Xao	-	-	43	43	Dato' Sri Yap Tian Leong	-	-	38	38	Nooraini Bt Mohd Yasin	-	-	38	38	GROUP	Other Emoluments (RM'000)	Defined Contribution Plan (RM'000)	BIK (RM'000)	Fees (RM'000)	TOTAL (RM'000)	Executive Directors:						Dato' Chew Ting Leng	1,783	96	35	110	2,024	Dato' Goh Teoh Kean	1,210	65	36	110	1,421	Tan Ang Ang	1,037	58	17	60	1,172	To Tai Wai	898	108	16	50	1,072	Ng Lee Lee	597	71	24	50	742	Non-Executive Directors:						Sakinah Binti Salleh	-	-	-	38	38	Lim Yoong Xao	-	-	-	43	43	Dato' Sri Yap Tian Leong	-	-	-	38	38	Nooraini Bt Mohd Yasin	-	-	-	38	38
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Intended Outcome

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

Practice 7.2

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	:	The Company has identified its Senior Management positions which includes 5 Executive Directors and Chief Financial Officer. The detailed remuneration of the Executive Directors has been appropriately set out in Paragraph 7.1 above save for the remuneration of the Chief Financial Officer premised on the confidentiality of his remuneration package.	
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	:	Adopted
Explanation on adoption of the practice	:	The Company has identified its Senior Management positions which includes 5 Executive Directors and Chief Financial Officer. The detailed remuneration of the Executive Directors has been appropriately set out in Paragraph 7.1 above save for the remuneration of the Chief Financial Officer premised on the confidentiality of his remuneration package.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the AC, Mr Lim Yoong Xao is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	The AC of the Company has incorporated a policy in the Terms of Reference that requires a former key audit partner to observe a cooling-off at least two years before being appointed as a member of AC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The External Auditors are invited to attend the AC meetings and annual general meetings and are available to answer shareholders' question on the conduct of the statutory audit and the preparation and content of their audit report.</p> <p>The AC conducted an annual assessment via questionnaires on the suitability and independence of the External Auditors, including their performance, quality of audit process, adequacy of audit scope, independence and non-audit services, taking also into consideration the comments of the 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

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	:	The members of the AC comprise of only Independent Non-Executive Directors as disclosed in the Audit Committee Report.

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	:	The AC Chairman is a member of the Malaysian Institute of Accountants, and thus, fulfilling Rule 15.09(1)(c) of AMLR, which calls for one member of the AC to be a member of a professional accountancy body. All the AC members will continue to attend training to keep themselves abreast of recent developments in accounting and auditing standards, practices and rules.
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 Board has established a Risk Management Committee (“RMC”) which comprises of Executive Directors and Senior Management of the Group. Executive Directors, senior management personnel and Departmental Heads are responsible for identifying, assessing and managing the risks of their respective business units, operational units and departments.</p> <p>The specific business risks identified encompasses risks on finance, operations, regulatory compliance, reputation, cyber security and sustainability, including respective internal controls in place to manage the risks.</p> <p>Significant issues and risks identified are also discussed during Executive Group Directors Meeting and Monthly Management Meeting which are attended by Executive Directors and senior management personnel on a monthly basis.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>During the financial year, the Group monitored significant risks and implement risk mitigation strategies on an ongoing basis through its Executive Directors, management and Risk Management Committee ("RMC") within its risk appetite.</p> <p>The risk management and internal control system are designed to manage and mitigate, rather than eliminate the risk that may impede the achievement of the Group's business objectives and strategies. Due to the inherent limitations of internal controls, the system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.</p> <p>The Board also takes into consideration the need to balance the business risks and the potential returns to stakeholders in its daily operations, with the dynamic business climate it operates in. The Board recognises the need for a concerted effort from management, head of departments and senior staff members in ensuring that the integrity, effectiveness and adequacy of the control mechanism are monitored and maintained throughout the financial year.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	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	:	The Group has an in-house internal audit function whose work is performed with impartiality, proficiency and due professional care. It undertakes regular reviews of the adequacy and effectiveness of the Group's system of internal controls and risk management process, as well as appropriateness and effectiveness of the corporate governance practices. Further details on the internal audit function can be seen in the Audit Committee Report and the Statement on Risk Management and Internal Control in this Annual Report. The Internal Auditor reports directly to the Audit Committee and report their findings to the Audit Committee during its quarterly meetings. The Group's risk management and internal control framework is presented in the Statement on Risk Management and Internal Control.	
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>The AC conducted annual assessment via questionnaires on the suitability and independence of the Internal Auditors, including their performance, quality of audit process, adequacy of audit scope, independence and non-audit services, taking into consideration the comments of Management.</p> <p>The results of assessments conducted by the AC which was recommended and approved by the Board, it was concluded that:</p> <ul style="list-style-type: none"> • The internal audit department is free from any relationships or conflicts of interest, which could impair their objectivity; and • The resources in the internal audit team is adequate for them to discharge their duties as Internal Auditor for the Group. 	
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 believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders.</p> <p>The Board also recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels of communications are through the quarterly announcements on financial results to Bursa Malaysia, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at www.pantech-group.com where shareholders can access pertinent information concerning the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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 relevant as the company is not a Large Company within the definition of the code.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Notice of the 13 th AGM was issued on 28 June 2019 prior to the AGM set on 25 July 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

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	:	All members of the Board recorded full attendance at the last AGM held on 26 July 2018 and were present to attend to the questions raised by the shareholders.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Board is of the view that the Group does not have a large number of shareholders to warrant the voting in absentia and the venue of the AGM is located within city area which is easily accessible.	
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.

Not applicable.
