

Statement on CORPORATE GOVERNANCE

INTRODUCTION

The Board of Poh Kong Holdings Berhad (“the Company”) is committed to instill a corporate culture that emphasises good corporate governance and is to be practised throughout the Company and its subsidiary companies (“the Group”). The Group acknowledges the importance of corporate governance in enhancing its business prosperity and corporate accountability with the absolute objective of realising long-term shareholders’ and stakeholders’ value.

The Group will continue to endeavor to comply with all the key principles of the Malaysian Code of Corporate Governance (“the Code”) in an effort to observe high standards of transparency, accountability and integrity. This is to sustain optimal governance with conscientious accountability for continuous effectiveness, efficiency and competitiveness of the Group.

Set out below are descriptions of how the Group applied the Principles of the Code and how the Board has complied with the Best Practices set out in the Code.

1. DIRECTORS

1.1 The Board Balance

The control environment set the tone for the Group and is driven by an effective Board (“the Board”) consisting of competent individuals with appropriate specialised skills and knowledge to ensure capable management of the Group. The Board is responsible for overseeing the conduct and performance of the Group’s businesses and oversees the Group’s internal controls. The composition of independent and non-independent directors is carefully considered to ensure that the Board is well balanced.

The Board comprises eight (8) members, of whom five (5) are Executive Directors and three (3) are Independent Non-Executive Directors. It is a balanced Board and comprises professionals from various backgrounds and with the relevant experience and expertise that would add value to the Group. The mix of experience is vital for the strategic success of the Group.

The presence of Independent Non-Executive Directors fulfills a pivotal role in corporate accountability. The role of the Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advice and judgement.

The Executive Chairman and Group Managing Director is Dato’ Choon Yee Seiong. There is a division of responsibilities. As the Chairman, he is responsible for the orderly conduct and performance of the Board. As the Group Managing Director, he is responsible for ensuring the Board’s decisions are implemented, and that the day-to-day running of the business is in tandem with the goals and policies sanctioned by the Board. The Managing Director is subject to the control of the Board of Directors.

In furtherance of this, Dr Choong Tuck Yew as the Senior Independent Non-Executive Director assists with concerns regarding the Company where it could be inappropriate for those to be dealt with by the Executive Directors.

In discharging its fiduciary duties, the Board is assisted by the following three (3) Board Committees each entrusted with specific tasks. All the three (3) Committees do not have executive powers but report to the Board on all matters considered and their recommendations thereon. The Terms of Reference of each committee have been approved by the Board in compliance with the recommendation of the Code:

- a) Nomination Committee;
- b) Remuneration Committee; and
- c) Audit Committee



Statement on CORPORATE GOVERNANCE

1.2 Board Meeting

The Board of Directors of the Company subscribes to the Code. The Board has the overall responsibility for Corporate Governance, strategic direction, formulation of policies and overseeing the investment and performance of the Company. The Board met six (6) times during the financial year ended 31 July 2009 and details of attendance are as below:

	Total number of Meetings held	Meetings attended by Director
Executive Directors		
Dato' Choon Yee Seiong (Executive Chairman and Group Managing Director)	6	6
Mr Cheong Teck Chong	6	6
Madam Choon Nee Siew	6	6
Mr Choon Yee Fook (resigned w.e.f. 10 July 2009)	5	2
Madam Choon Yoke Ying	6	6
Madam Choon Wan Joo	6	6
Independent Non-Executive Directors		
Dr Choong Tuck Yew	6	6
Encik Fazrin Azwar Bin Md Nor	6	5
Datin Shirley Yue Shou How (appointed w.e.f. 23 January 2009)	3	3

1.3 Supply of Information

All Directors are provided with an agenda and Board papers containing information relevant to the business of the Board Meetings. This is issued in sufficient time to enable the Directors to obtain further explanation where necessary, in order to be properly briefed before the meeting. Minutes of the Board Committees are also tabled at the Board Meetings for information and deliberation.

The Audit Committee of the Board ensures compliance with disclosure requirements and accounting and audit policies overseeing all issues pertaining to financial and operational risks.

All the Directors have direct access to the advice and services of Senior Management and the Company Secretary in carrying out their duties. The Directors may obtain independent professional advice in furtherance of their duties, with the consent of the Board.

1.4 Directors' Training

Directors are encouraged to attend continuous education programmes and seminars to keep abreast of relevant changes in laws and regulations and the development in the industry.

During the year, the external training programmes and seminars attended by the Directors are as follows:

Madam Choon Wan Joo

- Appreciation and Implementation of Occupational Safety and Health Programmes
- Fire Prevention and Fire Safety

Dr Choong Tuck Yew

- Financial Institutions Directors Education (FIDE) Programme
- Oversight of Risk Management : Considering the Audit Committee's Role & Responsibilities by Audit Committee Institute of Malaysia
- Malaysia Business Conference by the Associated Chinese Chamber of Commerce & Industry of Malaysia
- Briefing to Chairman of Financial Institutions by Bank Negara Malaysia
- Semi-Annual Convention by Toastmasters International, District 51
- Financial Institutions Directors Education Programme by Bank Negara Malaysia
- Financial Reporting during Financial Turbulence by the Malaysian Institute of Accountants
- Introduction to Islamic Investment Banking by OSK Group
- Board Responsibilities for Internal Controls and Enterprise Risk Management by Malaysia Deposit Insurance Corporation
- The Global Financial Crisis: Implications for Corporate Governance in Asia by Bank Negara Malaysia

Statement on CORPORATE GOVERNANCE

- Riding out of The Global Financial Crisis – Banking Reforms & Revival by Asian Strategy & Leadership Institute
- Corporate Governance by Bank Negara Malaysia

Encik Fazrin Azwar Bin Md Nor

- Directors' Training conducted by Archer Consulting Group Sdn Bhd

Other than the above, during the financial year ended 31 July 2009, all the Directors have attended the briefings conducted by the Company Secretary pertaining to the Key Amendments on the Listing Requirements of the Main Market and the Corporate Governance Guide.

The Directors will continue to undergo other relevant training programmes, conferences and seminars that may further enhance their skills and knowledge.

1.5 Appointments to the Board

In compliance with the Code, a Nomination Committee was established on 8 March 2004 and is entrusted with the following responsibilities:

- Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board.
- Consider in making its recommendations, candidates for directorship proposed by the Group Managing Director and, within the bounds of practicability, by any other senior executive or any director or shareholder.
- Recommend to the Board, directors to fill seats on Board Committees.
- Assess the effectiveness of the Board as a whole.

- Assess the effectiveness of the committees of the Board.
- Assess the contribution of each individual director.
- Review and recommend to the Board the required mix of skills and experience and other qualities the Board requires in order to function completely and efficiently.

The Board through the Nomination Committee will review annually its required mix of skill and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.

The Nomination Committee comprises three (3) Non-Executive Directors, who are Independent Directors. The members of Nomination Committee are as follows:

Encik Fazrin Azwar Bin Md Nor

Chairman, Independent Non-Executive Director

Dr Choong Tuck Yew

Senior Independent Non-Executive Director

Datin Shirley Yue Shou How

Independent Non-Executive Director

The Nomination Committee ensures adequate training and orientation for new Directors with respect to the business structure and management of the Group, as well as the expectation of the Board with regard to their contributions to the Board and the Group. Continuous education programmes and seminars would be organised for the Directors to keep them abreast of the latest developments and advances in Corporate Governance.

The Nomination Committee met twice during the financial year to deliberate on the above matters.



Statement on CORPORATE GOVERNANCE

1.6 Re-election of Directors

In accordance with the Articles of Association of the Company, one-third (1/3) of the Directors are required by rotation to submit themselves for re-election by shareholders at every Annual General Meeting (“AGM”).

All Directors are required to submit themselves for re-election by the shareholders at the AGM, at least once for every three years to comply with the Code.

2. DIRECTORS’ REMUNERATION

In compliance with the Code, a Remuneration Committee was established on 8 March 2004 and is entrusted with the following responsibilities:

- Recommend to the Board the remuneration of the executive and non-executive directors.
- Assist the Board in assessing the responsibility and commitment undertaken by the Board membership.
- Assist the Board in ensuring the remuneration of the directors reflects the responsibility and commitment of the director concerned.

The Remuneration Committee comprises four (4) Directors, the majority of whom are Independent Non-Executive Directors. The members of the Remuneration Committee are as follows:

Datin Shirley Yue Shou How

Chairperson, Independent Non-Executive Director

Dr Choong Tuck Yew

Senior Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor

Independent Non-Executive Director

Dato’ Choon Yee Seiong

Executive Chairman and Group Managing Director

The Remuneration Committee did not meet during the financial year ended 31 July 2009.

The details of the remuneration for Directors of the Company during the financial year ended 31 July 2009 are as follows:

Aggregate Remuneration Categorization	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	228	93
Non-Fees	34	37
Salaries	5,378	-
Bonuses	1,044	-
Benefits-in-kind	164	-
Total	6,848	130

The number of Directors of the Company whose total remuneration falls within the following bands:

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	-	2
RM50,001 to RM100,000	-	1
RM900,001 to RM950,000	2	-
RM1,050,001 to RM1,100,000	1	-
RM1,100,001 to RM1,150,000	1	-
RM2,700,001 to RM2,750,000	1	-



Statement on CORPORATE GOVERNANCE

4. SHAREHOLDERS

4.1 Investor Relations and Shareholders' Communication

The Board recognises the importance of timely dissemination of information to shareholders and stakeholders.

The annual reports and quarterly announcements are the primary modes of communication providing the shareholders with an overview of the Group's activities and performance. Enquiries by shareholders are dealt with as promptly as practicable. The Board of Directors encourages full participation by the shareholders at every General Meeting and every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group.

The Company's Investors Relations web portal is available at www.pohkong.listedcompany.com

5. ACCOUNTABILITY AND AUDIT

In reviewing all the published annual and quarterly financial statements during the financial year ended 31 July 2009, the Directors took due care and reasonable steps to ensure compliance with the applicable accounting standards in all material aspects. A statement by the Directors of their responsibilities for preparing the financial statements is set out

under the Statement on Directors' Responsibility on page 50 of this Annual Report.

5.1 Internal Controls

The Statement on Internal Control furnished on pages 47-48 of this Annual Report provides an overview of the state of internal controls within the Group.

5.2 Relationship with the Auditors

The Company has established transparent and appropriate relationships with the Company's Auditors through the Audit Committee. The External Auditors, Messrs GEP Associates has continued to report to members of the Company on their findings which are included as part of the Company's Annual Report with respect to each year's audit on the Financial Statements.

The amount of non-audit fees paid to the External Auditors during the financial year 2009 was RM5,000 for meeting attendance allowances.

The role of the Audit Committee in relation to the External Auditors is set out in pages 43-45 of this Annual Report.

The Statement was made in accordance with a resolution of the Board dated 24 November 2009.

